



April 6, 2007

ENGROSSED HOUSE BILL No. 1478

DIGEST OF HB 1478 (Updated April 3, 2007 2:18 pm - DI 73)

Citations Affected: IC 3-8; IC 3-10; IC 3-11; IC 4-10; IC 6-1.1; IC 6-3.5; IC 6-5.5; IC 6-6; IC 6-9; IC 8-18; IC 8-22; IC 11-10; IC 12-13; IC 12-19; IC 12-29; IC 13-18; IC 14-30; IC 14-33; IC 20-43; IC 20-44; IC 20-45; IC 20-46; IC 36-7; IC 36-8; IC 36-9; IC 36-12; noncode.

Synopsis: Taxation. Calculates each year a state property tax replacement amount for each county. Provides that this amount is used to do the following: (1) Replace the amount of tuition support levies imposed in the county in 2008 by school corporations. (2) Replace the amount of the family and children's fund levy imposed by the county in 2008. (3) Pay each year to the department of correction the county's cost of incarcerating delinquent offenders for 2008. Specifies that the growth after 2008 in tuition support levies and costs for incarcerating delinquent offenders is replaced by the state. Provides that one-half of the growth in county family and children's fund levies after 2008 is replaced by the state. Eliminates property tax replacement credits after 2007. Increases the homestead credit percentage to 28% for 2007 if initial licensing fees are received in 2007 for slot machine gambling games at racetracks. Provides that the homestead credit percentage is 4% for 2008, 3% for 2009, 2% for 2010, and 1% for 2011. Eliminates homestead credits after 2011. Provides that the property tax standard deduction is equal to the lesser of \$50,000 or 60% of assessed value. Abolishes the property tax replacement fund on December 31, 2007, (Continued next page)

Effective: Upon passage; July 1, 2007; January 1, 2008; July 1, 2008.

Kuzman, Turner

(SENATE SPONSORS — KENLEY, HERSHMAN, MRVAN)

January 23, 2007, read first time and referred to Committee on Ways and Means.
February 15, 2007, amended, reported — Do Pass.
February 19, 2007, read second time, ordered engrossed. Engrossed.
February 26, 2007, read third time, passed. Yeas 94, nays 0.

SENATE ACTION

March 5, 2007, read first time and referred to Committee on Tax and Fiscal Policy.
April 5, 2007, amended, reported favorably — Do Pass.

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and transfers the balance to the state general fund. Provides that the department of local government finance (DLGF) shall adjust excise tax and local option income tax distributions to ensure that distributions for counties and school corporations are not reduced because of the reduction or elimination of the levies. Provides that the balance in the state rainy day fund at the end of a state fiscal year is appropriated to the state general fund only to the extent the balance exceeds 10% of state general fund revenues. Authorizes a county to adopt an additional county adjusted gross income tax (CAGIT) rate or an additional county option income tax (COIT) rate. Provides that the tax rate shall be set by the DLGF at an amount sufficient to raise tax revenue to replace the estimated increase in the following year of certain property tax levies in the county. Provides that in the first year the tax rate is imposed, the tax rate shall be set for each of the following two years. Provides that the rate set for the first year must be twice the amount needed to replace the tax levy growth, and that one-half of the tax revenue in the first year must be deposited in the county stabilization fund. Establishes a county stabilization fund in each county that imposes the additional tax rate. Provides that if the certified distributions exceed the estimated replacement amount used to determine the tax rate, the excess shall be deposited in a county stabilization fund. Specifies when money shall be distributed from the county stabilization fund. Provides that the tax rate may not be reduced or rescinded, but that the rate may be increased each year to replace the property tax levy growth that would otherwise occur in the following year. Provides that if a county has imposed the additional tax rate, the county may impose a 0.05% CAGIT or COIT tax rate for public safety. Provides that if a county has imposed the additional tax rate to replace the levy growth, the county may impose an additional CAGIT or COIT tax rate for: (1) property tax replacement credits; or (2) an increase in the homestead credit percentage. Provides that ordinances imposing, increasing, decreasing, or rescinding CAGIT, COIT, and the county economic development income tax must be adopted after March 31 and before August 1 of a year. Provides that the ordinances take effect October 1 of a year. Abolishes county boards of tax adjustment on December 31, 2008. Establishes a county board of tax and capital projects review (review board) in each county on January 1, 2009. Provides that a review board consists of members appointed from various fiscal bodies within the county. Specifies that each review board includes two elected individuals. Provides that the review board has the powers and duties held by a county board of tax adjustment before the county board of tax adjustment is abolished. Requires the fiscal body of each political subdivision in a county to do the following every two years: (1) Hold a public hearing on a proposed capital projects plan. (2) Adopt a capital projects plan. Requires a capital projects plan to apply to at least the five years immediately following the year the capital projects plan is adopted. Requires a review board to review and provide a written report concerning each capital projects plan. Provides that a political subdivision may not: (1) begin construction of a capital project; (2) enter into contracts for the construction of a capital project; (3) issue bonds for the capital project; or (4) take certain other actions concerning a capital project; that is a controlled project for purposes of the petition and remonstrance process unless the review board approves the capital project. Provides that the approval of the DLGF is not required for the issuance of bonds that has been approved by the review board. Provides that the local government tax control board is abolished December 31, 2008. Beginning in 2009, eliminates certain levy appeals for civil taxing units. Specifies that a person contracted to discover omitted or undervalued property may review only the three assessment years ending before January 1 of the year in which a taxpayer receives notice of the person's actions under the contract. Specifies the priority of payments from a special nonreverting fund created for the deposit of

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taxes resulting from additional assessments on undervalued or omitted property. Establishes the property tax reduction trust fund (fund). Provides that the fund consists of: (1) any initial licence fees paid to the state for a license to conduct slot machine gambling games at racetracks; (2) any wagering taxes imposed on slot machine gambling games at racetracks; and (3) any riverboat admissions taxes that would be paid to the Indiana horse racing commission but are replaced by payments from persons conducting slot machine gambling games at racetracks. Provides that money in the fund shall be used to pay the cost of increasing the state homestead credit in 2007. Provides that beginning in 2008, money in the fund shall be transferred to the state general fund to pay one-half of the cost to the state of: (1) providing homestead credits; and (2) making payments to replace the growth in school corporation tuition support levies, the growth in costs incurred by counties for the incarceration of juvenile offenders, and one-half of the growth in county family and children's fund levies. Provides that the circuit breaker credit that is applicable beginning in 2010 to nonresidential property applies to property taxes that exceed 3% (rather than 2%, under current law) of the gross assessed value of the nonresidential property. Establishes a circuit breaker relief appeal board. Provides that beginning in 2008, a political subdivision that will have its property tax collections reduced by at least 2% in a year as a result of the application of the circuit breaker credit may petition the board for relief from the application of the circuit breaker credit. Requires a petitioning political subdivision to submit a proposed financial plan to the board. Provides that the board may: (1) increase the threshold at which the circuit breaker credit applies to a person's property tax liability; or (2) provide for a uniform percentage reduction to circuit breaker credits otherwise provided in the county; if the governing boards of all political subdivisions in the county agree to that plan. Increases the Allen County innkeeper's tax rate to 7%. Authorizes Monroe County to adopt an additional COIT tax rate of not more than 0.25% to fund juvenile detention center. Raises the cap on the Vanderburgh County innkeepers' tax from 6% to 8%. In certain counties, provides that if a municipality annexes into a neighboring school corporation and a TIF allocation area is established in that territory, the tax increment may be used only for expenditures in that territory. Makes certain changes concerning personal property abatement. Specifies the assessment methods to be used in the assessment of a water based adult entertainment center, including a riverboat. Creates the annexation study committee.

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April 6, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1478

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 3-8-1-23.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]: **Sec. 23.5. A candidate for election as a member of the**
4 **county board of tax and capital projects review in 2008 and**
5 **thereafter must have resided in the county for at least one (1) year**
6 **before the election.**
- 7 SECTION 2. IC 3-10-2-13 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The following
9 public officials shall be elected at the general election before their
10 terms of office expire and every four (4) years thereafter:
- 11 (1) Clerk of the circuit court.
 - 12 (2) County auditor.
 - 13 (3) County recorder.
 - 14 (4) County treasurer.
 - 15 (5) County sheriff.
 - 16 (6) County coroner.
 - 17 (7) County surveyor.

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- (8) County assessor.
- (9) County commissioner.
- (10) County council member.
- (11) Township trustee.
- (12) Township board member.
- (13) Township assessor.
- (14) Judge of a small claims court.
- (15) Constable of a small claims court.

(16) Elected member of a county board of tax and capital projects review.

SECTION 3. IC 3-11-2-12, AS AMENDED BY P.L.2-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. The following offices shall be placed on the general election ballot in the following order:

- (1) Federal and state offices:
 - (A) President and Vice President of the United States.
 - (B) United States Senator.
 - (C) Governor and lieutenant governor.
 - (D) Secretary of state.
 - (E) Auditor of state.
 - (F) Treasurer of state.
 - (G) Attorney general.
 - (H) Superintendent of public instruction.
 - (I) United States Representative.
- (2) Legislative offices:
 - (A) State senator.
 - (B) State representative.
- (3) Circuit offices and county judicial offices:
 - (A) Judge of the circuit court, and unless otherwise specified under IC 33, with each division separate if there is more than one (1) judge of the circuit court.
 - (B) Judge of the superior court, and unless otherwise specified under IC 33, with each division separate if there is more than one (1) judge of the superior court.
 - (C) Judge of the probate court.
 - (D) Judge of the county court, with each division separate, as required by IC 33-30-3-3.
 - (E) Prosecuting attorney.
 - (F) Clerk of the circuit court.
- (4) County offices:
 - (A) County auditor.
 - (B) County recorder.

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- 1 (C) County treasurer.
 2 (D) County sheriff.
 3 (E) County coroner.
 4 (F) County surveyor.
 5 (G) County assessor.
 6 (H) County commissioner.
 7 (I) County council member.
 8 **(J) County board of tax and capital projects review**
 9 **member.**
 10 (5) Township offices:
 11 (A) Township assessor.
 12 (B) Township trustee.
 13 (C) Township board member.
 14 (D) Judge of the small claims court.
 15 (E) Constable of the small claims court.
 16 (6) City offices:
 17 (A) Mayor.
 18 (B) Clerk or clerk-treasurer.
 19 (C) Judge of the city court.
 20 (D) City-county council member or common council member.
 21 (7) Town offices:
 22 (A) Clerk-treasurer.
 23 (B) Judge of the town court.
 24 (C) Town council member.

25 SECTION 4. IC 4-10-18-8 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Except as
 27 provided in subsection (b), if the balance, at the end of a state fiscal
 28 year, in the fund exceeds ~~seven~~ **ten** percent (~~7%~~) **(10%)** of the total
 29 state general fund revenues for that state fiscal year, the excess is
 30 appropriated from the fund to the property tax replacement fund
 31 ~~established under IC 6-1.1-21.~~ **(before January 1, 2008) or to the**
 32 **state general fund (after December 31, 2007).** The auditor of state
 33 and the treasurer of state shall transfer the amount so appropriated from
 34 the fund to the property tax replacement fund **(before January 1,**
 35 **2008) or to the state general fund (after December 31, 2007)** during
 36 the immediately following state fiscal year.

37 (b) If an appropriation is made out of the fund under section 4 of
 38 this chapter for a state fiscal year during which a transfer is to be made
 39 from the fund to the property tax replacement fund **or state general**
 40 **fund**, the amount of the appropriation made under subsection (a) shall
 41 be reduced by the amount of the appropriation made under section 4 of
 42 this chapter. However, the amount of the appropriation made under

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subsection (a) may not be reduced to less than zero (0).

SECTION 5. IC 6-1.1-4-39.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 39.5. (a) As used in this section, "water based adult entertainment center" includes a riverboat (as defined in IC 4-33-2-17).**

(b) For assessment dates after February 28, 2006, except as provided in subsection (c), the true tax value of real property regularly used as a water based adult entertainment center is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences using base prices determined under 50 IAC 2.3 and associated guidelines published by the department.

(2) Sales comparison approach, using data for generally comparable property, excluding values attributable to licenses, fees, or personal property as determined under 50 IAC 4.2.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (b) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of the income capitalization method.

SECTION 6. IC 6-1.1-12-37, AS AMENDED BY P.L.162-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2007]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) ~~one-half (1/2)~~ **sixty percent (60%)** of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) for property taxes first due and payable:

(A) before January 1, 2007, thirty-five thousand dollars (\$35,000);

(B) after December 31, 2006, and before January 1, 2008, forty-five thousand dollars (\$45,000); and

(C) after December 31, 2007, ~~thirty-five thousand dollars (\$35,000)~~ **fifty thousand dollars (\$50,000)**.

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 7. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located

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and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means tangible personal property that a deduction applicant:

(A) installs after February 28, 1983, and on or before the approval deadline determined under section 9 of this chapter, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) uses in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products;

(C) acquires **for use as described in clause (B):**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant for use as described in clause (B); and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or

(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) **has** never used for any purpose in Indiana before the installation described in clause (A).

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures, in economic revitalization areas, either:

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- 1 (A) on unimproved real estate; or
- 2 (B) on real estate upon which a prior existing structure is
- 3 demolished to allow for a new construction.
- 4 (6) "Rehabilitation" means the remodeling, repair, or betterment
- 5 of property in any manner or any enlargement or extension of
- 6 property.
- 7 (7) "Designating body" means the following:
- 8 (A) For a county that does not contain a consolidated city, the
- 9 fiscal body of the county, city, or town.
- 10 (B) For a county containing a consolidated city, the
- 11 metropolitan development commission.
- 12 (8) "Deduction application" means:
- 13 (A) the application filed in accordance with section 5 of this
- 14 chapter by a property owner who desires to obtain the
- 15 deduction provided by section 3 of this chapter;
- 16 (B) the application filed in accordance with section 5.4 of this
- 17 chapter by a person who desires to obtain the deduction
- 18 provided by section 4.5 of this chapter; or
- 19 (C) the application filed in accordance with section 5.3 of this
- 20 chapter by a property owner that desires to obtain the
- 21 deduction provided by section 4.8 of this chapter.
- 22 (9) "Designation application" means an application that is filed
- 23 with a designating body to assist that body in making a
- 24 determination about whether a particular area should be
- 25 designated as an economic revitalization area.
- 26 (10) "Hazardous waste" has the meaning set forth in
- 27 IC 13-11-2-99(a). The term includes waste determined to be a
- 28 hazardous waste under IC 13-22-2-3(b).
- 29 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
- 30 However, the term does not include dead animals or any animal
- 31 solid or semisolid wastes.
- 32 (12) "New research and development equipment" means tangible
- 33 personal property that:
- 34 (A) a deduction applicant installs after June 30, 2000, and on
- 35 or before the approval deadline determined under section 9 of
- 36 this chapter, in an economic revitalization area in which a
- 37 deduction for tangible personal property is allowed;
- 38 (B) consists of:
- 39 (i) laboratory equipment;
- 40 (ii) research and development equipment;
- 41 (iii) computers and computer software;
- 42 (iv) telecommunications equipment; or

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(v) testing equipment;

(C) the deduction applicant uses in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products;

(D) the deduction applicant acquires **for purposes described in this subdivision:**

(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~for purposes described in this subdivision; and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); or~~

(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

(i) racking equipment;

(ii) scanning or coding equipment;

(iii) separators;

(iv) conveyors;

(v) fork lifts or lifting equipment (including "walk behinds");

(vi) transitional moving equipment;

(vii) packaging equipment;

(viii) sorting and picking equipment; or

(ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

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(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~and uses for the storage or distribution of goods, services, or information; and if the~~ **tangible personal property has been previously used in Indiana before the installation described in clause (A); and**

(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and

(D) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

(14) "New information technology equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

- (i) information processing;
- (ii) office automation;
- (iii) telecommunication facilities and networks;
- (iv) informatics;
- (v) network administration;
- (vi) software development; and
- (vii) fiber optics;

(C) the deduction applicant acquires in an arms length transaction from an entity that is not an affiliate of the deduction applicant; and

(D) the deduction applicant never used for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

(16) "Affiliate" means an entity that effectively controls or is controlled by a deduction applicant or is associated with a deduction applicant under common ownership or control, whether by shareholdings or other means.

(17) "Eligible vacant building" means a building that:

(A) is zoned for commercial or industrial purposes; and

(B) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility

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receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

SECTION 8. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

- (1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the immediately succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under IC 6-1.1-15-1(b);
- (2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:
 - (A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);
 - (B) any deductions or exemptions that apply to the assessed

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- valuation of the tangible property;
- (C) any credits that apply in the determination of the tax liability; and
- (D) the county auditor's best estimate of the effects on the tax liability that might result from actions of:
- (i) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008);** or
- (ii) the department of local government finance;
- (3) a prominently displayed notation that:
- (A) the estimate under subdivision (2) is based on the best information available at the time the statement is mailed; and
- (B) based on various factors, including potential actions by:
- (i) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008);** or
- (ii) the department of local government finance;
- it is possible that the tax liability as finally determined will differ substantially from the estimate;
- (4) comparative information showing the amount of property taxes for which the person is liable to each political subdivision on the tangible property for taxes first due and payable in the current year; and
- (5) the date, time, and place at which the political subdivision will hold a public hearing on the political subdivision's estimated budget and proposed tax rate and tax levy as required under subsection (a).
- (c) The department of local government finance shall:
- (1) prescribe a form for; and
- (2) provide assistance to county auditors in preparing;
- statements under subsection (b). Mailing the statement described in subsection (b) to a mortgagee maintaining an escrow account for a person who is liable for any property taxes shall not be construed as compliance with subsection (b).
- (d) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):
- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-21-5-2.
- (e) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the

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township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

(1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund.

(2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund.

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 9. IC 6-1.1-17-5, AS AMENDED BY P.L.169-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

(1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.

(2) The fiscal body of a municipality, not later than September 30.

(3) The board of school trustees of a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), not later than:

(A) the time required in section 5.6(b) of this chapter; or

(B) September 20 if a resolution adopted under section 5.6(d) of this chapter is in effect.

(4) The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at

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any time after introduction of the budget.

(b) Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting **after September 20** of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

(1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;

(2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and

(3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** at the board's first meeting **under IC 6-1.1-29-4 after September 20 of that year.**

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

(f) If a fiscal body does not fix the budget, tax rate, and tax levy of the political subdivisions for the ensuing budget year as required under this section, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year.

SECTION 10. IC 6-1.1-17-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.6. (a) This section applies only to a school corporation that is located in a city having a

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1 population of more than one hundred five thousand (105,000) but less
2 than one hundred twenty thousand (120,000).

3 (b) Before February 1 of each year, the officers of the school
4 corporation shall meet to fix the budget for the school corporation for
5 the ensuing budget year, with notice given by the same officers.
6 However, if a resolution adopted under subsection (d) is in effect, the
7 officers shall meet to fix the budget for the ensuing budget year before
8 September 20.

9 (c) Each year, at least two (2) days before the first meeting **after**
10 **September 20** of the county board of tax adjustment **(before January**
11 **1, 2009) or the county board of tax and capital projects review**
12 **(after December 31, 2008)** held under IC 6-1.1-29-4, the school
13 corporation shall file with the county auditor:

14 (1) a statement of the tax rate and tax levy fixed by the school
15 corporation for the ensuing budget year;

16 (2) two (2) copies of the budget adopted by the school corporation
17 for the ensuing budget year; and

18 (3) any written notification from the department of local
19 government finance under section 16(i) of this chapter that
20 specifies a proposed revision, reduction, or increase in the budget
21 adopted by the school corporation for the ensuing budget year.

22 Each year the county auditor shall present these items to the county
23 board of tax adjustment **(before January 1, 2009) or the county**
24 **board of tax and capital projects review (after December 31, 2008)**
25 at the board's first meeting **after September 20 of that year.**

26 (d) The governing body of the school corporation may adopt a
27 resolution to cease using a school year budget year and return to using
28 a calendar year budget year. A resolution adopted under this subsection
29 must be adopted after January 1 and before July 1. The school
30 corporation's initial calendar year budget year following the adoption
31 of a resolution under this subsection begins on January 1 of the year
32 following the year the resolution is adopted. The first six (6) months of
33 the initial calendar year budget for the school corporation must be
34 consistent with the last six (6) months of the final school year budget
35 fixed by the department of local government finance before the
36 adoption of a resolution under this subsection.

37 (e) A resolution adopted under subsection (d) may be rescinded by
38 a subsequent resolution adopted by the governing body. If the
39 governing body of the school corporation rescinds a resolution adopted
40 under subsection (d) and returns to a school year budget year, the
41 school corporation's initial school year budget year begins on July 1
42 following the adoption of the rescinding resolution and ends on June

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30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 11. IC 6-1.1-17-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor under section 5 or 5.6 of this chapter. The board shall revise or reduce, but not increase, any budget, tax rate, or tax levy in order:

(1) to limit the tax rate to the maximum amount permitted under IC 6-1.1-18; and

(2) to limit the budget to the amount of revenue to be available in the ensuing budget year for the political subdivision.

(b) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(c) When the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** makes a revision or reduction in a budget, tax rate, or tax levy, it shall file with the county auditor a written order which indicates the action taken. If the board reduces the budget, it shall also indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

SECTION 12. IC 6-1.1-17-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. If the boundaries of a political subdivision cross one (1) or more county lines, the budget, tax levy, and tax rate fixed by the political subdivision shall be filed with the county auditor of each affected county in the manner prescribed in section 5 or 5.6 of this chapter. The board of tax adjustment of the county which contains the largest portion of the value of property taxable by the political subdivision, as determined from the abstracts of taxable values last filed with the auditor of state, has jurisdiction over the budget, tax rate, and tax levy to the same extent as if the property taxable by the political subdivision were wholly within the county. The secretary of the county board of tax adjustment **(before**

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1 **January 1, 2009) or the county board of tax and capital projects**
 2 **review (after December 31, 2008)** shall notify the county auditor of
 3 each affected county of the action of the board. Appeals from actions
 4 of the county board of tax adjustment **(before January 1, 2009) or the**
 5 **county board of tax and capital projects review (after December**
 6 **31, 2008)** may be initiated in any affected county.

7 SECTION 13. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006,
 8 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2007]: Sec. 8. (a) If the county board of tax adjustment
 10 **(before January 1, 2009) or the county board of tax and capital**
 11 **projects review (after December 31, 2008)** determines that the
 12 maximum aggregate tax rate permitted within a political subdivision
 13 under IC 6-1.1-18 is inadequate, the county board shall, subject to the
 14 limitations prescribed in IC 20-45-4, file its written recommendations
 15 in duplicate with the county auditor. The board shall include with its
 16 recommendations:

- 17 (1) an analysis of the aggregate tax rate within the political
- 18 subdivision;
- 19 (2) a recommended breakdown of the aggregate tax rate among
- 20 the political subdivisions whose tax rates compose the aggregate
- 21 tax rate within the political subdivision; and
- 22 (3) any other information that the county board considers relevant
- 23 to the matter.

24 (b) The county auditor shall forward one (1) copy of the county
 25 board's recommendations to the department of local government
 26 finance and shall retain the other copy in the county auditor's office.
 27 The department of local government finance shall, in the manner
 28 prescribed in section 16 of this chapter, review the budgets by fund, tax
 29 rates, and tax levies of the political subdivisions described in
 30 subsection (a)(2).

31 SECTION 14. IC 6-1.1-17-9 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The county board
 33 of tax adjustment **(before January 1, 2009) or the county board of**
 34 **tax and capital projects review (after December 31, 2008)** shall
 35 complete the duties assigned to it under this chapter on or before
 36 October 1st of each year, except that in a consolidated city and county
 37 and in a county containing a second class city, the duties of this board
 38 need not be completed until November 1 of each year.

39 (b) If the county board of tax adjustment **(before January 1, 2009)**
 40 **or the county board of tax and capital projects review (after**
 41 **December 31, 2008)** fails to complete the duties assigned to it within
 42 the time prescribed in this section or to reduce aggregate tax rates so

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that they do not exceed the maximum rates permitted under IC 6-1.1-18, the county auditor shall calculate and fix the tax rate within each political subdivision of the county so that the maximum rate permitted under IC 6-1.1-18 is not exceeded.

(c) When the county auditor calculates and fixes tax rates, ~~he the~~ **county auditor** shall send a certificate notice of ~~the rate he has fixed~~ **those rates** to each political subdivision of the county. ~~He~~ **The county auditor** shall send these notices within five (5) days after publication of the notice required by section 12 of this chapter.

(d) When the county auditor calculates and fixes tax rates, ~~his that~~ action shall be treated as if it were the action of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

SECTION 15. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. When the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, exceeds the maximum aggregate tax rate prescribed in IC 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the department of local government finance for final review. For purposes of this section, the maximum aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not apply.

SECTION 16. IC 6-1.1-17-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. A budget, tax rate, or tax levy of a political subdivision, as approved or modified by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, is final unless:

(1) action is taken by the county auditor in the manner provided under section 9 of this chapter;

(2) the action of the county board is subject to review by the department of local government finance under section 8 or 10 of this chapter; or

(3) an appeal to the department of local government finance is initiated with respect to the budget, tax rate, or tax levy.

SECTION 17. IC 6-1.1-17-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. As soon as the budgets, tax rates, and tax levies are approved or modified by the

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1 county board of tax adjustment **(before January 1, 2009) or the**
 2 **county board of tax and capital projects review (after December**
 3 **31, 2008)**, the county auditor shall within fifteen (15) days prepare a
 4 notice of the tax rates to be charged on each one hundred dollars (\$100)
 5 of assessed valuation for the various funds in each taxing district. The
 6 notice shall also inform the taxpayers of the manner in which they may
 7 initiate an appeal of the county board's action. The county auditor shall
 8 post the notice at the county courthouse and publish it in two (2)
 9 newspapers which represent different political parties and which have
 10 a general circulation in the county.

11 SECTION 18. IC 6-1.1-17-14, AS AMENDED BY P.L.234-2005,
 12 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2007]: Sec. 14. The county auditor shall initiate an appeal to
 14 the department of local government finance if the county fiscal body,
 15 ~~or~~ the county board of tax adjustment **(before January 1, 2009), or the**
 16 **county board of tax and capital projects review (after December**
 17 **31, 2008)** reduces:

- 18 (1) a township assistance tax rate below the rate necessary to meet
- 19 the estimated cost of township assistance;
- 20 (2) a family and children's fund tax rate below the rate necessary
- 21 to collect the levy recommended by the department of child
- 22 services; or
- 23 (3) a children's psychiatric residential treatment services fund tax
- 24 rate below the rate necessary to collect the levy recommended by
- 25 the department of child services.

26 SECTION 19. IC 6-1.1-17-15 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. A political
 28 subdivision may appeal to the department of local government finance
 29 for an increase in its tax rate or tax levy as fixed by the county board of
 30 tax adjustment **(before January 1, 2009), the county board of tax**
 31 **and capital projects review (after December 31, 2008)**, or the county
 32 auditor. To initiate the appeal, the political subdivision must file a
 33 statement with the department of local government finance not later
 34 than ten (10) days after publication of the notice required by section 12
 35 of this chapter. The legislative body of the political subdivision must
 36 authorize the filing of the statement by adopting a resolution. The
 37 resolution must be attached to the statement of objections, and the
 38 statement must be signed by the following officers:

- 39 (1) In the case of counties, by the board of county commissioners
- 40 and by the president of the county council.
- 41 (2) In the case of all other political subdivisions, by the highest
- 42 executive officer and by the presiding officer of the legislative



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body.

SECTION 20. IC 6-1.1-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The state may not impose a tax rate on tangible property in excess of thirty-three hundredths of one cent (\$0.0033) on each one hundred dollars (\$100) of assessed valuation. The state tax rate is not subject to review by county boards of tax adjustment (**before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or county auditors. This section does not apply to political subdivisions of the state.

SECTION 21. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or

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IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, IC 20-45, or IC 20-46, a county board of tax adjustment (**before January 1, 2009**), the county board of tax and capital projects review (**after December 31, 2008**), a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 22. IC 6-1.1-18.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as not being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of subsection (b) for that preceding calendar year. STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

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STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

(b) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of this subsection for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

STEP EIGHT: Subtract the amount determined under STEP FIVE of subsection (e) from the amount determined under STEP SEVEN of this subsection.

(c) If a civil taxing unit in the immediately preceding calendar year

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provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must provide to that area during the ensuing calendar year as a result of the annexation. In all other cases, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals zero (0).

(d) This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (e), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%).

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

(A) the amount determined in STEP ONE; or

(B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:

(i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or

(ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

(A) zero (0); or

(B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e), STEP THREE, as provided in subsection (e), STEP FOUR.

(e) For each civil taxing unit, the amount to be subtracted under subsection (b), STEP EIGHT, is determined using the following

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1 formula:

2 STEP ONE: Determine the lesser of the civil taxing unit's base

3 year certified share for the ensuing calendar year, as determined

4 under section 5 of this chapter, or the civil taxing unit's certified

5 share for the ensuing calendar year.

6 STEP TWO: Determine the greater of:

7 (A) zero (0); or

8 (B) the remainder of:

9 (i) the amount of federal revenue sharing money that was

10 received by the civil taxing unit in 1985; minus

11 (ii) the amount of federal revenue sharing money that will be

12 received by the civil taxing unit in the year preceding the

13 ensuing calendar year.

14 STEP THREE: Determine the lesser of:

15 (A) the amount determined in STEP TWO; or

16 (B) the amount determined in subsection (f) for the civil taxing

17 unit.

18 STEP FOUR: Add the amount determined in subsection (d),

19 STEP FOUR, to the amount determined in STEP THREE.

20 STEP FIVE: Subtract the amount determined in STEP FOUR

21 from the amount determined in STEP ONE.

22 (f) As used in this section, a taxing unit's "determination year"

23 means the latest of:

24 (1) calendar year 1987, if the taxing unit is treated as being

25 located in an adopting county for calendar year 1987 under

26 section 4 of this chapter;

27 (2) the taxing unit's base year, as defined in section 5 of this

28 chapter, if the taxing unit is treated as not being located in an

29 adopting county for calendar year 1987 under section 4 of this

30 chapter; or

31 (3) the ensuing calendar year following the first year that the

32 taxing unit is located in a county that has a county adjusted gross

33 income tax rate of more than one-half percent (0.5%) on July 1 of

34 that year.

35 The amount to be used in subsections (d) and (e) for a taxing unit

36 depends upon the taxing unit's certified share for the ensuing calendar

37 year, the taxing unit's determination year, and the county adjusted gross

38 income tax rate for resident county taxpayers (as defined in

39 IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of

40 the year preceding the ensuing calendar year. For the determination

41 year and the ensuing calendar years following the taxing unit's

42 determination year, the amount is the taxing unit's certified share for

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the ensuing calendar year multiplied by the appropriate factor prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%

		Subsection (e)
Year		Factor
For the determination year and each ensuing calendar year following the determination year	0	

COUNTIES WITH A TAX RATE OF 3/4%

		Subsection (e)
Year		Factor
For the determination year and each ensuing calendar year following the determination year	1/2	

COUNTIES WITH A TAX RATE OF 1.0%

		Subsection (d)	Subsection (e)
Year		Factor	Factor
For the determination year	1/6		1/3
For the ensuing calendar year following the determination year	1/4		1/3
For the ensuing calendar year following the determination year by two (2) years	1/3		1/3

(g) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a civil taxing unit that is located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter and except as provided in subsection (h), the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

(h) This subsection applies only to property taxes first due and payable after December 31, 2007. In the case of a civil taxing unit that:

- (1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30; and

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(2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection (g), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 23. IC 6-1.1-18.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A civil taxing unit is not subject to the levy limits imposed by section 3 of this chapter for an ensuing calendar year if the civil taxing unit did not adopt an ad valorem property tax levy for the immediately preceding calendar year.

(b) If under subsection (a) a civil taxing unit is not subject to the levy limits imposed under section 3 of this chapter for a calendar year, the civil taxing unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for that calendar year to the local government tax control board established by section 11 of this chapter **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** before the tax levy is advertised. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall then review and make a recommendation to the department of local government finance on the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. However, a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of March 1 of the preceding year.

SECTION 24. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not

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1 apply to ad valorem property taxes imposed by a civil taxing unit if the
2 civil taxing unit is committed to levy the taxes to pay or fund either:

- 3 (1) bonded indebtedness; or
- 4 (2) lease rentals under a lease with an original term of at least five
- 5 (5) years.

6 (b) **This subsection does not apply to bonded indebtedness**
7 **incurred or leases executed for a capital project approved by a**
8 **county board of tax and capital projects review under IC 6-1.1-29.5**
9 **after December 31, 2008.** A civil taxing unit must file a petition
10 requesting approval from the department of local government finance
11 to incur bonded indebtedness or execute a lease with an original term
12 of at least five (5) years not later than twenty-four (24) months after the
13 first date of publication of notice of a preliminary determination under
14 IC 6-1.1-20-3.1(2), unless the civil taxing unit demonstrates that a
15 longer period is reasonable in light of the civil taxing unit's facts and
16 circumstances. A civil taxing unit must obtain approval from the
17 department of local government finance before the civil taxing unit
18 may:

- 19 (1) incur the bonded indebtedness; or
- 20 (2) enter into the lease.

21 **Before January 1, 2009,** the department of local government finance
22 may seek recommendations from the local government tax control
23 board established by section 11 of this chapter when determining
24 whether to authorize incurring the bonded indebtedness or the
25 execution of the lease.

26 (c) The department of local government finance shall render a
27 decision within three (3) months after the date it receives a request for
28 approval under subsection (b). However, the department of local
29 government finance may extend this three (3) month period by an
30 additional three (3) months if, at least ten (10) days before the end of
31 the original three (3) month period, the department sends notice of the
32 extension to the executive officer of the civil taxing unit. A civil taxing
33 unit may petition for judicial review of the final determination of the
34 department of local government finance under this section. The petition
35 must be filed in the tax court not more than forty-five (45) days after
36 the department enters its order under this section.

37 (d) A civil taxing unit does not need approval under subsection (b)
38 to obtain temporary loans made in anticipation of and to be paid from
39 current revenues of the civil taxing unit actually levied and in the
40 course of collection for the fiscal year in which the loans are made.

41 (e) For purposes of computing the ad valorem property tax levy
42 limits imposed on a civil taxing unit by section 3 of this chapter, the

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1 civil taxing unit's ad valorem property tax levy for a calendar year does
 2 not include that part of its levy that is committed to fund or pay bond
 3 indebtedness or lease rentals with an original term of five (5) years in
 4 subsection (a).

5 (f) A taxpayer may petition for judicial review of the final
 6 determination of the department of local government finance under this
 7 section. The petition must be filed in the tax court not more than thirty
 8 (30) days after the department enters its order under this section.

9 SECTION 25. IC 6-1.1-18.5-11 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) A local
 11 government tax control board is established. The board consists of nine
 12 (9) members, seven (7) of whom are voting members and two (2) of
 13 whom are nonvoting members.

14 (b) The seven (7) voting members shall be appointed as follows:

15 (1) One (1) member appointed by the state board of accounts.

16 (2) One (1) member appointed by the department of local
 17 government finance.

18 (3) Five (5) members appointed by the governor. Three (3) of the
 19 members appointed by the governor must be citizens of Indiana
 20 who do not hold a political or elective office in state or local
 21 government. The governor may seek the recommendation of
 22 representatives of the cities, towns, and counties before
 23 appointing the other two (2) members to the board.

24 (c) The two (2) nonvoting members of the board shall be appointed
 25 as follows:

26 (1) One (1) member of the house of representatives, appointed by
 27 the speaker of the house.

28 (2) One (1) member of the senate, appointed by the president pro
 29 tempore of the senate.

30 (d) All members of the local government tax control board shall
 31 serve at the will of the board or person that appointed them.

32 (e) The local government tax control board shall annually hold an
 33 organizational meeting. At this organizational meeting the board shall
 34 elect a chairman and a secretary from its membership. The board shall
 35 meet after each organizational meeting as often as its business requires.

36 (f) The department of local government finance shall provide the
 37 local government tax control board with rooms, staff, and secretarial
 38 assistance for its meetings.

39 (g) Members of the local government tax control board shall serve
 40 without compensation, except as provided in subsections (h) and (i).

41 (h) Each member of the local government tax control board who is
 42 not a state employee is entitled to receive both of the following:

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(1) The minimum salary per diem provided by IC 4-10-11-2.1(b).

(2) Reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the local government tax control board who is a state employee is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) The local government tax control board is abolished December 31, 2008.

SECTION 26. IC 6-1.1-18.5-12, AS AMENDED BY P.L.67-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) Any civil taxing unit that determines that it cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter may:

(1) before September 20 of the calendar year immediately preceding the ensuing calendar year; or

(2) in the case of a request described in section 16 of this chapter, before:

(A) December 31 of the calendar year immediately preceding the ensuing calendar year; or

(B) with the approval of the county fiscal body of the county in which the civil taxing unit is located, March 1 of the ensuing calendar year;

appeal to the department of local government finance for relief from those levy limitations. In the appeal the civil taxing unit must state that it will be unable to carry out the governmental functions committed to it by law unless it is given the authority that it is petitioning for. The civil taxing unit must support these allegations by reasonably detailed statements of fact.

(b) The department of local government finance shall promptly deliver to the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** every appeal petition it receives under subsection (a) and any materials it receives relevant to those appeals. Upon receipt of an appeal petition, the local government tax control board **or the county board of tax and capital projects review** shall immediately

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1 proceed to the examination and consideration of the merits of the civil
2 taxing unit's appeal.

3 (c) In considering an appeal, the local government tax control board
4 **or the county board of tax and capital projects review** has the power
5 to conduct hearings, require any officer or member of the appealing
6 civil taxing unit to appear before it, or require any officer or member
7 of the appealing civil taxing unit to provide the board with any relevant
8 records or books.

9 (d) If an officer or member:

10 (1) fails to appear at a hearing of the local government tax control
11 board **or the county board of tax and capital projects review**
12 after having been given written notice from the local government
13 tax control board **or the county board of tax and capital**
14 **projects review** requiring that person's attendance; or

15 (2) fails to produce for the local government tax control board's
16 **or the county board of tax and capital projects review's** use
17 the books and records that the local government tax control board
18 **or the county board of tax and capital projects review** by
19 written notice required the officer or member to produce;

20 then the local government tax control board **or the county board of**
21 **tax and capital projects review** may file an affidavit in the circuit
22 court in the jurisdiction in which the officer or member may be found
23 setting forth the facts of the failure.

24 (e) Upon the filing of an affidavit under subsection (d), the circuit
25 court shall promptly issue a summons, and the sheriff of the county
26 within which the circuit court is sitting shall serve the summons. The
27 summons must command the officer or member to appear before the
28 local government tax control board **or the county board of tax and**
29 **capital projects review**, to provide information to the local
30 government tax control board **or the county board of tax and capital**
31 **projects review**, or to produce books and records for the local
32 government tax control board's **or the county board of tax and**
33 **capital projects review's** use, as the case may be. Disobedience of the
34 summons constitutes, and is punishable as, a contempt of the circuit
35 court that issued the summons.

36 (f) All expenses incident to the filing of an affidavit under
37 subsection (d) and the issuance and service of a summons shall be
38 charged to the officer or member against whom the summons is issued,
39 unless the circuit court finds that the officer or member was acting in
40 good faith and with reasonable cause. If the circuit court finds that the
41 officer or member was acting in good faith and with reasonable cause
42 or if an affidavit is filed and no summons is issued, the expenses shall

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1 be charged against the county in which the affidavit was filed and shall
2 be allowed by the proper fiscal officers of that county.

3 (g) The fiscal officer of a civil taxing unit that appeals under section
4 16 of this chapter for relief from levy limitations shall immediately file
5 a copy of the appeal petition with the county auditor and the county
6 treasurer of the county in which the unit is located.

7 SECTION 27. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006,
8 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JULY 1, 2007]: Sec. 13. With respect to an appeal filed under section
10 12 of this chapter, the local government tax control board (**before**
11 **January 1, 2009) or the county board of tax and capital projects**
12 **review (after December 31, 2008)** may recommend that a civil taxing
13 unit receive any one (1) or more of the following types of relief:

14 (1) **A levy increase may not be granted under this subdivision**
15 **for property taxes first due and payable after December 31,**
16 **2009.** Permission to the civil taxing unit to increase its levy in
17 excess of the limitations established under section 3 of this
18 chapter, if in the judgment of the local government tax control
19 board the increase is reasonably necessary due to increased costs
20 of the civil taxing unit resulting from annexation, consolidation,
21 or other extensions of governmental services by the civil taxing
22 unit to additional geographic areas or persons.

23 (2) **A levy increase may not be granted under this subdivision**
24 **for property taxes first due and payable after December 31,**
25 **2009.** Permission to the civil taxing unit to increase its levy in
26 excess of the limitations established under section 3 of this
27 chapter, if the local government tax control board finds that the
28 civil taxing unit needs the increase to meet the civil taxing unit's
29 share of the costs of operating a court established by statute
30 enacted after December 31, 1973. Before recommending such an
31 increase, the local government tax control board shall consider all
32 other revenues available to the civil taxing unit that could be
33 applied for that purpose. The maximum aggregate levy increases
34 that the local government tax control board may recommend for
35 a particular court equals the civil taxing unit's estimate of the
36 unit's share of the costs of operating a court for the first full
37 calendar year in which it is in existence. For purposes of this
38 subdivision, costs of operating a court include:

39 (A) the cost of personal services (including fringe benefits);

40 (B) the cost of supplies; and

41 (C) any other cost directly related to the operation of the court.

42 (3) Permission to the civil taxing unit to increase its levy in excess

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of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the civil taxing unit's total assessed value of all taxable property and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year, divided by the sum of the total assessed value of all taxable property in all counties and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

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1 **(4) A levy increase may not be granted under this subdivision**
 2 **for property taxes first due and payable after December 31,**
 3 **2009.** Permission to the civil taxing unit to increase its levy in
 4 excess of the limitations established under section 3 of this
 5 chapter, if the local government tax control board finds that the
 6 civil taxing unit needs the increase to pay the costs of furnishing
 7 fire protection for the civil taxing unit through a volunteer fire
 8 department. For purposes of determining a township's need for an
 9 increased levy, the local government tax control board shall not
 10 consider the amount of money borrowed under IC 36-6-6-14
 11 during the immediately preceding calendar year. However, any
 12 increase in the amount of the civil taxing unit's levy recommended
 13 by the local government tax control board under this subdivision
 14 for the ensuing calendar year may not exceed the lesser of:

15 (A) ten thousand dollars (\$10,000); or

16 (B) twenty percent (20%) of:

17 (i) the amount authorized for operating expenses of a
 18 volunteer fire department in the budget of the civil taxing
 19 unit for the immediately preceding calendar year; plus

20 (ii) the amount of any additional appropriations authorized
 21 during that calendar year for the civil taxing unit's use in
 22 paying operating expenses of a volunteer fire department
 23 under this chapter; minus

24 (iii) the amount of money borrowed under IC 36-6-6-14
 25 during that calendar year for the civil taxing unit's use in
 26 paying operating expenses of a volunteer fire department.

27 **(5) A levy increase may not be granted under this subdivision**
 28 **for property taxes first due and payable after December 31,**
 29 **2009.** Permission to a civil taxing unit to increase its levy in
 30 excess of the limitations established under section 3 of this
 31 chapter in order to raise revenues for pension payments and
 32 contributions the civil taxing unit is required to make under
 33 IC 36-8. The maximum increase in a civil taxing unit's levy that
 34 may be recommended under this subdivision for an ensuing
 35 calendar year equals the amount, if any, by which the pension
 36 payments and contributions the civil taxing unit is required to
 37 make under IC 36-8 during the ensuing calendar year exceeds the
 38 product of one and one-tenth (1.1) multiplied by the pension
 39 payments and contributions made by the civil taxing unit under
 40 IC 36-8 during the calendar year that immediately precedes the
 41 ensuing calendar year. For purposes of this subdivision, "pension
 42 payments and contributions made by a civil taxing unit" does not

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1 include that part of the payments or contributions that are funded
2 by distributions made to a civil taxing unit by the state.

3 **(6) A levy increase may not be granted under this subdivision**
4 **for property taxes first due and payable after December 31,**
5 **2009.** Permission to increase its levy in excess of the limitations
6 established under section 3 of this chapter if the local government
7 tax control board finds that:

8 (A) the township's township assistance ad valorem property
9 tax rate is less than one and sixty-seven hundredths cents
10 (\$0.0167) per one hundred dollars (\$100) of assessed
11 valuation; and

12 (B) the township needs the increase to meet the costs of
13 providing township assistance under IC 12-20 and IC 12-30-4.

14 The maximum increase that the board may recommend for a
15 township is the levy that would result from an increase in the
16 township's township assistance ad valorem property tax rate of
17 one and sixty-seven hundredths cents (\$0.0167) per one hundred
18 dollars (\$100) of assessed valuation minus the township's ad
19 valorem property tax rate per one hundred dollars (\$100) of
20 assessed valuation before the increase.

21 **(7) A levy increase may not be granted under this subdivision**
22 **for property taxes first due and payable after December 31,**
23 **2009.** Permission to a civil taxing unit to increase its levy in
24 excess of the limitations established under section 3 of this
25 chapter if:

26 (A) the increase has been approved by the legislative body of
27 the municipality with the largest population where the civil
28 taxing unit provides public transportation services; and

29 (B) the local government tax control board finds that the civil
30 taxing unit needs the increase to provide adequate public
31 transportation services.

32 The local government tax control board shall consider tax rates
33 and levies in civil taxing units of comparable population, and the
34 effect (if any) of a loss of federal or other funds to the civil taxing
35 unit that might have been used for public transportation purposes.
36 However, the increase that the board may recommend under this
37 subdivision for a civil taxing unit may not exceed the revenue that
38 would be raised by the civil taxing unit based on a property tax
39 rate of one cent (\$0.01) per one hundred dollars (\$100) of
40 assessed valuation.

41 **(8) A levy increase may not be granted under this subdivision**
42 **for property taxes first due and payable after December 31,**

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2009. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31,

2009. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds

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that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the

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township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009. Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2009. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its

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1 governmental functions for an ensuing calendar year under
2 the levy limitations imposed by section 3 of this chapter.

3 SECTION 28. IC 6-1.1-18.5-13.5 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. **A levy increase**
5 **may not be granted under this section for property taxes first due**
6 **and payable after December 31, 2009.** With respect to an appeal filed
7 under section 12 of this chapter, the local government tax control board
8 may recommend that the department of local government finance give
9 permission to a town having a population of more than three hundred
10 seventy-five (375) but less than five hundred (500) located in a county
11 having a population of more than seventy-one thousand (71,000) but
12 less than seventy-one thousand four hundred (71,400) to increase its
13 levy in excess of the limitations established under section 3 of this
14 chapter, if the local government tax control board finds that the town
15 needs the increase to pay the costs of furnishing fire protection for the
16 town. However, any increase in the amount of the town's levy
17 recommended by the local government tax control board under this
18 section for the ensuing calendar year may not exceed the greater of:

19 (1) twenty-five thousand dollars (\$25,000); or

20 (2) twenty percent (20%) of the sum of:

21 (A) the amount authorized for the cost of furnishing fire
22 protection in the town's budget for the immediately preceding
23 calendar year; plus

24 (B) the amount of any additional appropriations authorized
25 under IC 6-1.1-18-5 during that calendar year for the town's
26 use in paying the costs of furnishing fire protection.

27 SECTION 29. IC 6-1.1-18.5-13.6 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.6. **A levy increase**
29 **may not be granted under this section for property taxes first due**
30 **and payable after December 31, 2009.** For an appeal filed under
31 section 12 of this chapter, the local government tax control board may
32 recommend that the department of local government finance give
33 permission to a county to increase its levy in excess of the limitations
34 established under section 3 of this chapter if the local government tax
35 control board finds that the county needs the increase to pay for:

36 (1) a new voting system; or

37 (2) the expansion or upgrade of an existing voting system;

38 under IC 3-11-6.

39 SECTION 30. IC 6-1.1-18.5-14 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local
41 government tax control board **(before January 1, 2009) or the county**
42 **board of tax and capital projects review (after December 31, 2008)**

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1 may recommend to the department of local government finance a
 2 correction of any advertising error, mathematical error, or error in data
 3 made at the local level for any calendar year that affects the
 4 determination of the limitations established by section 3 of this chapter
 5 or the tax rate or levy of a civil taxing unit. The department of local
 6 government finance may on its own initiative correct such an
 7 advertising error, mathematical error, or error in data for any civil
 8 taxing unit.

9 (b) A correction made under subsection (a) for a prior calendar year
 10 shall be applied to the civil taxing unit's levy limitations, rate, and levy
 11 for the ensuing calendar year to offset any cumulative effect that the
 12 error caused in the determination of the civil taxing unit's levy
 13 limitations, rate, or levy for the ensuing calendar year.

14 SECTION 31. IC 6-1.1-18.5-15 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department
 16 of local government finance, upon receiving a recommendation made
 17 under section 13 or 14 of this chapter, shall enter an order adopting,
 18 rejecting, or adopting in part and rejecting in part the recommendation
 19 of the local government tax control board **(before January 1, 2009) or**
 20 **the county board of tax and capital projects review (after**
 21 **December 31, 2008).**

22 (b) A civil taxing unit may petition for judicial review of the final
 23 determination of the department of local government finance under
 24 subsection (a). The action must be taken to the tax court under
 25 IC 6-1.1-15 in the same manner that an action is taken to appeal a final
 26 determination of the Indiana board. The petition must be filed in the tax
 27 court not more than forty-five (45) days after the department enters its
 28 order under subsection (a).

29 SECTION 32. IC 6-1.1-18.5-16 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) A civil taxing
 31 unit may request permission from the local government tax control
 32 board **(before January 1, 2009) or the county board of tax and**
 33 **capital projects review (after December 31, 2008)** to impose an ad
 34 valorem property tax levy that exceeds the limits imposed by section 3
 35 of this chapter if:

- 36 (1) the civil taxing unit experienced a property tax revenue
- 37 shortfall that resulted from erroneous assessed valuation figures
- 38 being provided to the civil taxing unit;
- 39 (2) the erroneous assessed valuation figures were used by the civil
- 40 taxing unit in determining its total property tax rate; and
- 41 (3) the error in the assessed valuation figures was found after the
- 42 civil taxing unit's property tax levy resulting from that total rate

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1 was finally approved by the department of local government
2 finance.

3 (b) A civil taxing unit may request permission from the local
4 government tax control board **(before January 1, 2009) or the county**
5 **board of tax and capital projects review (after December 31, 2008)**
6 to impose an ad valorem property tax levy that exceeds the limits
7 imposed by section 3 of this chapter if the civil taxing unit experienced
8 a property tax revenue shortfall because of the payment of refunds that
9 resulted from appeals under this article and IC 6-1.5.

10 (c) If the local government tax control board **(before January 1,**
11 **2009) or the county board of tax and capital projects review (after**
12 **December 31, 2008)** determines that a shortfall described in subsection
13 (a) or (b) has occurred, it shall recommend to the department of local
14 government finance that the civil taxing unit be allowed to impose a
15 property tax levy exceeding the limit imposed by section 3 of this
16 chapter, and the department may adopt such recommendation.
17 However, the maximum amount by which the civil taxing unit's levy
18 may be increased over the limits imposed by section 3 of this chapter
19 equals the remainder of the civil taxing unit's property tax levy for the
20 particular calendar year as finally approved by the department of local
21 government finance minus the actual property tax levy collected by the
22 civil taxing unit for that particular calendar year.

23 (d) Any property taxes collected by a civil taxing unit over the limits
24 imposed by section 3 of this chapter under the authority of this section
25 may not be treated as a part of the civil taxing unit's maximum
26 permissible ad valorem property tax levy for purposes of determining
27 its maximum permissible ad valorem property tax levy for future years.

28 (e) If the department of local government finance authorizes an
29 excess tax levy under this section, it shall take appropriate steps to
30 insure that the proceeds are first used to repay any loan made to the
31 civil taxing unit for the purpose of meeting its current expenses.

32 SECTION 33. IC 6-1.1-20-3.2, AS AMENDED BY P.L.2-2006,
33 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2007]: Sec. 3.2. If a sufficient petition requesting the
35 application of a petition and remonstrance process has been filed as set
36 forth in section 3.1 of this chapter, a political subdivision may not
37 impose property taxes to pay debt service or lease rentals without
38 completing the following procedures:

39 (1) The proper officers of the political subdivision shall give
40 notice of the applicability of the petition and remonstrance
41 process by:

42 (A) publication in accordance with IC 5-3-1; and

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1 (B) first class mail to the organizations described in section
 2 3.1(1)(B) of this chapter.
 3 A notice under this subdivision must include a statement that any
 4 owners of real property within the political subdivision who want
 5 to petition in favor of or remonstrate against the proposed debt
 6 service or lease payments must file petitions and remonstrances
 7 in compliance with subdivisions (2) through (4) not earlier than
 8 thirty (30) days or later than sixty (60) days after publication in
 9 accordance with IC 5-3-1.
 10 (2) Not earlier than thirty (30) days or later than sixty (60) days
 11 after the notice under subdivision (1) is given:
 12 (A) petitions (described in subdivision (3)) in favor of the
 13 bonds or lease; and
 14 (B) remonstrances (described in subdivision (3)) against the
 15 bonds or lease;
 16 may be filed by an owner or owners of real property within the
 17 political subdivision. Each signature on a petition must be dated
 18 and the date of signature may not be before the date on which the
 19 petition and remonstrance forms may be issued under subdivision
 20 (3). A petition described in clause (A) or a remonstrance
 21 described in clause (B) must be verified in compliance with
 22 subdivision (4) before the petition or remonstrance is filed with
 23 the county auditor under subdivision (4).
 24 (3) The state board of accounts shall design and, upon request by
 25 the county auditor, deliver to the county auditor or the county
 26 auditor's designated printer the petition and remonstrance forms
 27 to be used solely in the petition and remonstrance process
 28 described in this section. The county auditor shall issue to an
 29 owner or owners of real property within the political subdivision
 30 the number of petition or remonstrance forms requested by the
 31 owner or owners. Each form must be accompanied by instructions
 32 detailing the requirements that:
 33 (A) the carrier and signers must be owners of real property;
 34 (B) the carrier must be a signatory on at least one (1) petition;
 35 (C) after the signatures have been collected, the carrier must
 36 swear or affirm before a notary public that the carrier
 37 witnessed each signature;
 38 (D) govern the closing date for the petition and remonstrance
 39 period; and
 40 (E) apply to the carrier under section 10 of this chapter.
 41 Persons requesting forms may not be required to identify
 42 themselves and may be allowed to pick up additional copies to

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1 distribute to other property owners. The county auditor may not
 2 issue a petition or remonstrance form earlier than twenty-nine
 3 (29) days after the notice is given under subdivision (1). The
 4 county auditor shall certify the date of issuance on each petition
 5 or remonstrance form that is distributed under this subdivision.

6 (4) The petitions and remonstrances must be verified in the
 7 manner prescribed by the state board of accounts and filed with
 8 the county auditor within the sixty (60) day period described in
 9 subdivision (2) in the manner set forth in section 3.1 of this
 10 chapter relating to requests for a petition and remonstrance
 11 process.

12 (5) The county auditor must file a certificate and the petition or
 13 remonstrance with the body of the political subdivision charged
 14 with issuing bonds or entering into leases within fifteen (15)
 15 business days of the filing of a petition or remonstrance under
 16 subdivision (4), whichever applies, containing ten thousand
 17 (10,000) signatures or less. The county auditor may take an
 18 additional five (5) days to review and certify the petition or
 19 remonstrance for each additional five thousand (5,000) signatures
 20 up to a maximum of sixty (60) days. The certificate must state the
 21 number of petitioners and remonstrators that are owners of real
 22 property within the political subdivision.

23 (6) If a greater number of owners of real property within the
 24 political subdivision sign a remonstrance than the number that
 25 signed a petition, the bonds petitioned for may not be issued or
 26 the lease petitioned for may not be entered into. The proper
 27 officers of the political subdivision may not make a preliminary
 28 determination to issue bonds or enter into a lease for the
 29 controlled project defeated by the petition and remonstrance
 30 process under this section or any other controlled project that is
 31 not substantially different within one (1) year after the date of the
 32 county auditor's certificate under subdivision (5). Withdrawal of
 33 a petition carries the same consequences as a defeat of the
 34 petition.

35 (7) After a political subdivision has gone through the petition and
 36 remonstrance process set forth in this section, the political
 37 subdivision is not required to follow any other remonstrance or
 38 objection procedures under any other law (including section 5 of
 39 this chapter) relating to bonds or leases designed to protect
 40 owners of real property within the political subdivision from the
 41 imposition of property taxes to pay debt service or lease rentals.
 42 However, the political subdivision must still receive the approval

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of the department of local government finance **if** required by:

(A) IC 6-1.1-18.5-8; or

(B) IC 20-46-7-8, IC 20-46-7-9, and IC 20-46-7-10.

SECTION 34. IC 6-1.1-20-3.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3.4. (a) Notwithstanding any other provision of this chapter, the executive of a political subdivision may initiate the petition and remonstrance process under this chapter for the approval or disapproval of a proposed capital project of the political subdivision that has been disapproved under IC 6-1.1-29.5 by the county board of tax and capital projects review.**

(b) The executive of a political subdivision may initiate the petition and remonstrance process under this chapter for a proposed capital project that has been disapproved by the county board of tax and capital projects review by giving notice of the applicability of the petition and remonstrance process as provided in section 3.2(1) of this chapter not more than sixty (60) days after the county board of tax and capital projects review disapproves the proposed capital project.

(c) Section 3.2 of this chapter applies to a petition and remonstrance process initiated under this section. However, a sufficient petition requesting the application of a petition and remonstrance process is not required to be filed as set forth in section 3.1 of this chapter before the executive of a political subdivision may initiate the petition and remonstrance process as provided in this section.

(d) If the number of owners of real property within the political subdivision that sign a petition in favor of the proposed capital project is greater than the number of owners of real property within the political subdivision that sign a remonstrance against the proposed capital project, the political subdivision may undertake the proposed capital project, notwithstanding the disapproval of the proposed capital project by the county board of tax and capital projects review under IC 6-1.1-29.5.

SECTION 35. IC 6-1.1-20-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5. (a) Except as provided by subsection (c),** when the proper officers of a political subdivision decide to issue bonds in a total amount which exceeds five thousand dollars (\$5,000), they shall give notice of the decision by:

(1) posting; and

(2) publication once each week for two (2) weeks.

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The notice required by this section shall be posted in three (3) public places in the political subdivision and published in accordance with IC 5-3-1-4. The decision to issue bonds may be a preliminary decision.

(b) Ten (10) or more taxpayers who will be affected by the proposed issuance of the bonds and who wish to object to the issuance on the grounds that it is unnecessary or excessive may file a petition in the office of the auditor of the county in which the political subdivision is located. The petition must be filed within fifteen (15) days after the notice required by subsection (a) is given, and it must contain the objections of the taxpayers and facts which show that the proposed issue is unnecessary or excessive. When taxpayers file a petition in the manner prescribed in this subsection, the county auditor shall immediately forward a certified copy of the petition and any other relevant information to the department of local government finance.

(c) This section does not apply to bonds issued for a capital project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.

SECTION 36. IC 6-1.1-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. **(a) This section does not apply to bonds, notes, or warrants issued for a capital project approved after December 31, 2008, by a county board of tax and capital projects review under IC 6-1.1-29.5.**

(b) When the proper officers of a political subdivision decide to issue any bonds, notes, or warrants which will be payable from property taxes and which will bear interest in excess of eight percent (8%) per annum, the political subdivision shall submit the matter to the department of local government finance for review. The department of local government finance may either approve or disapprove the rate of interest.

SECTION 37. IC 6-1.1-20.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 20.1. Property Tax Reduction Trust Fund

Sec. 1. As used in this chapter, "fund" means the property tax reduction trust fund established by section 2 of this chapter.

Sec. 2. (a) The property tax reduction trust fund is established.

(b) The fund consists of the following:

- (1) Any initial licence fees paid to the state for a license to conduct slot machine gambling games at racetracks.**
- (2) Any wagering taxes imposed on the adjusted gross receipts from the conducting of slot machine gambling games at racetracks.**

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(3) Any riverboat admissions taxes under IC 4-33-12-6 that would otherwise be paid to the Indiana horse racing commission but are instead replaced because of payments dedicated to purses, breed development, and horsemen's associations by persons licensed to conduct slot machine gambling games at racetracks.

(c) Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency except as provided in this section.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(f) Money in the fund is appropriated continuously for the purposes stated in section 3 of this chapter.

Sec. 3. Money in the fund may be used only for the following purposes:

(1) Money in the fund shall be used to pay the cost of increasing the state homestead credit under IC 6-1.1-20.9 in 2007 from 20% to 28%. Notwithstanding IC 6-1.1-20.9, if initial license fees for a license to conduct slot machine gambling games at racetracks are deposited into the fund in 2007, the homestead credit percentage in IC 6-1.1-20.9-2 is increased from 20% to 28% for 2007. The department of local government finance shall take the actions necessary to apply the increased homestead credit. If a taxpayer pays more property taxes first due and payable in 2007 than are required after application of the increased homestead credit, the overpayment shall be refunded to the taxpayer or credited against the taxpayer's spring installment for property taxes first due and payable in 2008, as determined by the department of local government finance.

(2) Beginning in 2008, money in the fund shall be transferred to the state general fund to pay one-half (1/2) of the cost to the state of:

(A) providing homestead credits under IC 6-1.1-20.9; and
(B) making payments to school corporations and counties to replace:

(i) the growth in school corporation tuition support property tax levies;

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(ii) the growth in costs incurred by counties for the incarceration of juvenile offenders; and

(iii) one-half (1/2) of the growth in county family and children's fund property tax levies.

The budget agency shall each year determine the amount of money that must be transferred from the fund to the state general fund to pay the costs described in this subdivision.

SECTION 38. IC 6-1.1-20.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 20.3. Distressed Political Subdivisions

Sec. 1. As used in this chapter, "circuit breaker board" refers to the circuit breaker relief appeal board established by section 4 of this chapter.

Sec. 2. As used in this chapter, "distressed political subdivision" means a political subdivision that will have the political subdivision's property tax collections reduced by at least two percent (2%) in a calendar year as a result of the application of the credit under IC 6-1.1-20.6 for that calendar year.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. (a) The circuit breaker relief appeal board is established.

(b) The circuit breaker relief appeal board consists of the following members:

(1) The director of the office of management and budget or the director's designee. The director or the director's designee shall serve as chairperson of the circuit breaker relief appeal board.

(2) The commissioner of the department of local government finance or the commissioner's designee.

(3) The commissioner of the department of state revenue or the commissioner's designee.

(4) The state examiner of the state board of accounts or the state examiner's designee.

(5) The following members appointed by the governor:

(A) One (1) member appointed from nominees submitted by the Indiana Association of Cities and Towns.

(B) One (1) member appointed from nominees submitted by the Association of Indiana Counties.

(C) One (1) member appointed from nominees submitted by the Indiana Association of School Superintendents.

(c) The members appointed under subsection (b)(5) serve at the

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1 pleasure of the governor.

2 (d) Each member of the commission is entitled to
3 reimbursement for:

4 (1) traveling expenses as provided under IC 4-13-1-4; and

5 (2) other expenses actually incurred in connection with the
6 member's duties as provided in the state policies and
7 procedures established by the Indiana department of
8 administration and approved by the budget agency.

9 (e) A member of the commission appointed under subsection
10 (b)(5) is entitled to the salary per diem provided under
11 IC 4-10-11-2.1(b).

12 Sec. 5. (a) The department of local government finance shall
13 provide the circuit breaker board with the staff and assistance that
14 the circuit breaker board reasonably requires.

15 (b) The department of local government finance shall provide
16 from the department's budget funding to support the circuit
17 breaker board's duties under this chapter.

18 (c) The circuit breaker board may contract with accountants,
19 financial experts, and other advisors and consultants as necessary
20 to carry out the circuit breaker board's duties under this chapter.

21 Sec. 6. (a) For property taxes first due and payable in 2008 and
22 thereafter, the governing body of a distressed political subdivision
23 (or two (2) or more distressed political subdivisions acting jointly)
24 may petition the circuit breaker board for relief as authorized
25 under this chapter from the application of the credit under
26 IC 6-1.1-20.6 for a calendar year.

27 (b) A petition under subsection (a) must include a proposed
28 financial plan for political subdivisions in the county. The proposed
29 financial plan must include the following:

30 (1) Proposed budgets that would enable the distressed
31 political subdivisions in the county to cease being distressed
32 political subdivisions.

33 (2) Proposed efficiencies, consolidations, cost reductions, uses
34 of alternative or additional revenues, or other actions that
35 would enable the distressed political subdivisions in the
36 county to cease being distressed political subdivisions.

37 (c) The circuit breaker board may adopt procedures governing
38 the timing and required content of a petition under subsection (a).

39 Sec. 7. (a) If a distressed political subdivision submits a petition
40 under section 6 of this chapter, the circuit breaker board shall
41 review the petition and assist the political subdivisions in the
42 county in establishing a financial plan.

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(b) In reviewing a petition submitted under section 6 of this chapter, the circuit breaker board:

(1) shall consider:

(A) the proposed financial plan;

(B) comparisons to similarly situated political subdivisions;

(C) the existing revenue and expenditures of political subdivisions in the county; and

(D) any other factor considered relevant by the circuit breaker board; and

(2) may establish subcommittees or temporarily appoint nonvoting members to the circuit breaker board to assist in the review.

Sec. 8. (a) The circuit breaker board may authorize relief as provided in subsection (b) from the application of the credit under IC 6-1.1-20.6 for a calendar year if:

(1) the circuit breaker board and the governing body of each petitioning distressed political subdivision have agreed to a financial plan for political subdivisions in the county; and

(2) the governing body of each political subdivision in the county has adopted a resolution agreeing to the terms of the financial plan.

(b) If the conditions of subsection (a) are satisfied, the circuit breaker board may, notwithstanding IC 6-1.1-20.6, do either of the following:

(1) Increase uniformly in the county the percentage threshold (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6-7 applies to a person's property tax liability.

(2) Provide for a uniform percentage reduction to credits otherwise provided under IC 6-1.1-20.6-7 in the county.

(c) If the circuit breaker board decreases the credit percentages under IC 6-1.1-20.6-7 in a county, the circuit breaker board shall conduct audits and reviews as necessary to determine whether the political subdivisions in the county are abiding by the terms of financial plan agreed to under subsection (a).

SECTION 39. IC 6-1.1-20.6-7, AS AMENDED BY P.L.162-2006, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) In the case of a credit authorized under section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar

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year attributable to the person's qualified residential property located in the county; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's qualified residential property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property for property taxes first due and payable in that calendar year.

(b) In the case of a credit provided by section 6.5(c) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property located in the county; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's real property and personal property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the real property and personal property for property taxes first due and payable in that calendar year: equal to the following:

(A) In the case of property tax liability attributable to the person's qualified residential property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's qualified residential property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property for property taxes first due and payable in that calendar year.

(B) In the case of property tax liability attributable to property other than qualified residential property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's real property (other than qualified residential property) and personal property for property taxes first due and payable in that calendar year exceeds three percent (3%) of the gross assessed value that is the basis for determination of property taxes on the real property (other than qualified residential property) and personal property for property taxes first due and payable in that calendar year.

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SECTION 40. IC 6-1.1-20.9-2, AS AMENDED BY P.L.162-2006, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which: ~~is:~~

(A) ~~is~~ attributable to the homestead during the particular calendar year; and

(B) **in the case of property taxes first due and payable before January 1, 2008, is** determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 and thereafter	20% 28%
2008	4%
2009	3%
2010	2%
2011	1%

If initial licensing fees are not received in 2007 from licensees



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1 authorized to conduct slot machine gambling games at racetracks,
 2 the homestead credit percentage for 2007 shall be twenty percent
 3 (20%) instead of twenty-eight percent (28%). No homestead
 4 credits under this chapter are payable after 2011. However, in the
 5 case of property taxes first due and payable before January 1,
 6 2008, the property tax replacement fund board established under
 7 IC 6-1.1-21-10 shall increase the percentage of the credit provided in
 8 the schedule for any year if the budget agency determines that an
 9 increase is necessary to provide the minimum tax relief authorized
 10 under IC 6-1.1-21-2.5. If the board increases the percentage of the
 11 credit provided in the schedule for any year, the percentage of the
 12 credit for the immediately following year is the percentage provided in
 13 the schedule for that particular year, unless as provided in this
 14 subsection the board must increase the percentage of the credit
 15 provided in the schedule for that particular year. However, the
 16 percentage credit allowed in a particular county for a particular year
 17 shall be increased if on January 1 of a year an ordinance adopted by a
 18 county income tax council was in effect in the county which increased
 19 the homestead credit. The amount of the increase equals the amount
 20 designated in the ordinance.

21 (e) Before October 1 of each year, the assessor shall furnish to the
 22 county auditor the amount of the assessed valuation of each homestead
 23 for which a homestead credit has been properly filed under this chapter.

24 (f) The county auditor shall apply the credit equally to each
 25 installment of taxes that the individual pays for the property.

26 (g) Notwithstanding the provisions of this chapter, a taxpayer other
 27 than an individual is entitled to the credit provided by this chapter if:

- 28 (1) an individual uses the residence as the individual's principal
- 29 place of residence;
- 30 (2) the residence is located in Indiana;
- 31 (3) the individual has a beneficial interest in the taxpayer;
- 32 (4) the taxpayer either owns the residence or is buying it under a
- 33 contract, recorded in the county recorder's office, that provides
- 34 that the individual is to pay the property taxes on the residence;
- 35 and
- 36 (5) the residence consists of a single-family dwelling and the real
- 37 estate, not exceeding one (1) acre, that immediately surrounds
- 38 that dwelling.

39 (h) Each year after 2007, the department of local government
 40 finance shall certify to the department of state revenue the amount
 41 of homestead credits provided under this chapter that are allowed
 42 by the county for the particular calendar year. The department of

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1 local government finance shall make the certification based on the
 2 best information available at the time the certification is made.
 3 Each year after 2007, the department of state revenue shall allocate
 4 from the state general fund an amount equal to the total amount of
 5 homestead tax credits that are provided under this chapter and
 6 allowed by each county for that year.

7 (i) Except as otherwise provided, the provisions in IC 6-1.1-21
 8 as in existence on December 31, 2007, concerning:

9 (1) allocation, distribution, and payments of homestead
 10 credits;

11 (2) settlement and final distribution of homestead credits;

12 (3) application of homestead credits; and

13 (4) refunds and changes in the tax liability of a taxpayer, as
 14 applicable to homestead credits;

15 continue to apply to homestead credits after December 31, 2007,
 16 notwithstanding the repeal of certain sections of IC 6-1.1-21 on
 17 January 1, 2008.

18 SECTION 41. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006,
 19 SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS
 20 CORRECTED AND AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

22 (a) "Taxpayer" means a person who is liable for taxes on property
 23 assessed under this article.

24 (b) "Taxes" means property taxes payable in respect to property
 25 assessed under this article. The term does not include special
 26 assessments, penalties, or interest, but does include any special charges
 27 which a county treasurer combines with all other taxes in the
 28 preparation and delivery of the tax statements required under
 29 IC 6-1.1-22-8(a).

30 (c) "Department" means the department of state revenue.

31 (d) "Auditor's abstract" means the annual report prepared by each
 32 county auditor which under IC 6-1.1-22-5 is to be filed *on or before*
 33 *March 1 of* each year with the auditor of state.

34 (e) "Mobile home assessments" means the assessments of mobile
 35 homes made under IC 6-1.1-7.

36 (f) "Postabstract adjustments" means adjustments in taxes made
 37 subsequent to the filing of an auditor's abstract which change
 38 assessments therein or add assessments of omitted property affecting
 39 taxes for such assessment year.

40 (g) "Total county tax levy" means the sum of:

41 (1) the remainder of:

42 (A) the aggregate levy of all taxes for all taxing units in a

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county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county) (*before its repeal*); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment

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1 year that succeeds the 1983 stated assessment year; minus
 2 (ii) the total property taxes imposed in the county for the
 3 1984 stated assessment year under the authority of IC 21-2-6
 4 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 5 cumulative building fund whose property tax rate was not
 6 initially established or reestablished for a stated assessment
 7 year that succeeds the 1983 stated assessment year; minus
 8 (G) the amount of property taxes imposed in the county for the
 9 stated assessment year under:

10 (i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital
 11 projects fund; plus
 12 (ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a
 13 racial balance fund; plus
 14 (iii) IC 36-12-12 for a library capital projects fund; plus
 15 (iv) IC 36-10-13-7 for an art association fund; plus
 16 (v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special
 17 education preschool fund; plus
 18 (vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a
 19 referendum tax levy fund; plus
 20 (vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*)
 21 or IC 20-45-6-8 for an increase in a school corporation's
 22 maximum permissible ~~general fund~~ tuition support levy for
 23 certain transfer tuition costs; plus
 24 (viii) an appeal filed under IC 6-1.1-19-5.4 (*before its*
 25 *repeal*) or IC 20-46-4-10 for an increase in a school
 26 corporation's maximum permissible ~~general~~ transportation
 27 fund levy for transportation operating costs; minus
 28 (H) the amount of property taxes imposed by a school
 29 corporation that is attributable to the passage, after 1983, of a
 30 referendum for an excessive tax levy under ~~IC 6-1.1-19~~
 31 *IC 6-1.1-19-4.5 (before its repeal)*, including any increases in
 32 these property taxes that are attributable to the adjustment set
 33 forth in IC 6-1.1-19-1.5 (*before its repeal*), IC 20-45-3, or any
 34 other law; minus

35 (I) for each township in the county, the lesser of:

36 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 37 STEP THREE (*as effective January 1, 1990*) or
 38 IC 6-1.1-18.5-19(b) STEP THREE (*as effective January 1,*
 39 *1990*), whichever is applicable, plus the part, if any, of the
 40 township's ad valorem property tax levy for calendar year
 41 1989 that represents increases in that levy that resulted from
 42 an appeal described in IC 6-1.1-18.5-13(4) (*as effective*

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- 1 *before January 1, 1989*), filed after December 31, 1982; or
 2 (ii) the amount of property taxes imposed in the township for
 3 the stated assessment year under the authority of
 4 IC 36-8-13-4; minus
 5 (J) for each participating unit in a fire protection territory
 6 established under IC 36-8-19-1, the amount of property taxes
 7 levied by each participating unit under IC 36-8-19-8 and
 8 IC 36-8-19-8.5 less the maximum levy limit for each of the
 9 participating units that would have otherwise been available
 10 for fire protection services under IC 6-1.1-18.5-3 and
 11 IC 6-1.1-18.5-19 for that same year; minus
 12 (K) for each county, the sum of:
 13 (i) the amount of property taxes imposed in the county for
 14 the repayment of loans under IC 12-19-5-6 (repealed) that is
 15 included in the amount determined under IC 12-19-7-4(a)
 16 STEP SEVEN (*as effective January 1, 1995*) for property
 17 taxes payable in 1995, or for property taxes payable in each
 18 year after 1995, the amount determined under
 19 IC 12-19-7-4(b) (*as effective before March 16, 2004*) and
 20 IC 12-19-7-4 (*as effective after March 15, 2004*); and
 21 (ii) the amount of property taxes imposed in the county
 22 attributable to appeals granted under IC 6-1.1-18.6-3 (*before*
 23 *its repeal*) that is included in the amount determined under
 24 IC 12-19-7-4(a) STEP SEVEN (*as effective January 1,*
 25 *1995*) for property taxes payable in 1995, or the amount
 26 determined under IC 12-19-7-4(b) (*as effective before*
 27 *March 16, 2004*) and IC 12-19-7-4 (*as effective after March*
 28 *15, 2004*) for property taxes payable in each year after 1995;
 29 plus
 30 (2) all taxes to be paid in the county in respect to mobile home
 31 assessments currently assessed for the year in which the taxes
 32 stated in the abstract are to be paid; plus
 33 (3) the amounts, if any, of county adjusted gross income taxes that
 34 were applied by the taxing units in the county as property tax
 35 replacement credits to reduce the individual levies of the taxing
 36 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 37 (4) the amounts, if any, by which the maximum permissible ad
 38 valorem property tax levies of the taxing units of the county were
 39 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 40 assessment year; plus
 41 (5) the difference between:
 42 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;

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- 1 minus
 2 (B) the amount the civil taxing units' levies were increased
 3 because of the reduction in the civil taxing units' base year
 4 certified shares under IC 6-1.1-18.5-3(e).
 5 (h) "December settlement sheet" means the certificate of settlement
 6 filed by the county auditor with the auditor of state, as required under
 7 IC 6-1.1-27-3.
 8 (i) "Tax duplicate" means the roll of property taxes ~~which~~ *that* each
 9 county auditor is required to prepare ~~on or before March 1 of~~ each year
 10 under IC 6-1.1-22-3.
 11 (j) "Eligible property tax replacement amount" is, except as
 12 otherwise provided by law, equal to the sum of the following **for**
 13 **property taxes first due and payable before January 1, 2008:**
 14 (1) Sixty percent (60%) of the total county tax levy imposed by
 15 each school corporation in a county for its general fund for a
 16 stated assessment year.
 17 (2) Twenty percent (20%) of the total county tax levy (less sixty
 18 percent (60%) of the levy for the general fund of a school
 19 corporation that is part of the total county tax levy) imposed in a
 20 county on real property for a stated assessment year.
 21 (3) Twenty percent (20%) of the total county tax levy (less sixty
 22 percent (60%) of the levy for the general fund of a school
 23 corporation that is part of the total county tax levy) imposed in a
 24 county on tangible personal property, excluding business personal
 25 property, for an assessment year.
 26 (k) "Business personal property" means tangible personal property
 27 (other than real property) that is being:
 28 (1) held for sale in the ordinary course of a trade or business; or
 29 (2) held, used, or consumed in connection with the production of
 30 income.
 31 (l) "Taxpayer's property tax replacement credit amount" means,
 32 except as otherwise provided by law, the sum of the following **for**
 33 **property taxes first due and payable before January 1, 2008:**
 34 (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
 35 year for taxes imposed by a school corporation for its general fund
 36 for a stated assessment year.
 37 (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
 38 assessment year for a total county tax levy (less sixty percent
 39 (60%) of the levy for the general fund of a school corporation that
 40 is part of the total county tax levy) on real property.
 41 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
 42 assessment year for a total county tax levy (less sixty percent

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(60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

(o) "Board" refers to the property tax replacement fund board established under section 10 of this chapter.

SECTION 42. IC 6-1.1-21.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.1. State Property Tax Replacement Amount

Sec. 1. (a) The department of local government finance shall before August 1, 2007, determine for each county the percentage in STEP THREE of the following formula:

STEP ONE: Determine the total amount of state-paid property tax replacement credits under IC 6-1.1-21 and state-paid homestead credits under IC 6-1.1-20.9 that are provided to all taxing units in the county in 2007.

STEP TWO: Determine the sum of the STEP ONE amounts for all counties.

STEP THREE: Divide the result determined for the county in STEP ONE by the STEP TWO result.

(b) The department shall make the determinations under subsection (a) based on the best information available at the time the determinations are made.

Sec. 2. (a) Each year the budget agency shall determine the sum of the following:

(1) One billion one hundred twenty-one million seven hundred thousand dollars (\$1,121,700,000).

(2) An amount equal to the net amount of revenue, after deducting collection allowances and refunds, that the budget agency estimates will be collected in the following calendar year from the part of the gross retail and use tax rate imposed under IC 6-2.5 equal to one percent (1%).

The estimate made under this subsection must be consistent with the latest technical forecast of state revenues that is prepared for distribution to the general assembly and the public and available to the budget agency at the time that the estimate is made.

(b) The budget agency shall before August 1 of each year

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determine for each county the result of:

- (1) the amount determined in that year under subsection (a); multiplied by
- (2) the percentage determined in 2007 for the county under section 1 of this chapter.

(c) The amount determined under subsection (b) is the county's state property tax replacement amount for the following calendar year.

SECTION 43. IC 6-1.1-21.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.3. Tax Increment Replacement for School Tuition Support Levies

Sec. 1. (a) This chapter applies to an allocation area established before January 1, 2008.

(b) This chapter does not apply to the part of an allocation area described under subsection (a) that is expanded after December 31, 2007.

Sec. 2. Except as otherwise provided, the definitions in IC 36 apply throughout this chapter.

Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:

- (1) IC 6-1.1-39.
- (2) IC 8-22-3.5.
- (3) IC 36-7-14.
- (4) IC 36-7-14.5.
- (5) IC 36-7-15.1.
- (6) IC 36-7-30.
- (7) IC 36-7-32.

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as that term is defined or used in:

- (1) IC 6-1.1-39-5;
- (2) IC 8-22-3.5-9;
- (3) IC 36-7-14-39;
- (4) IC 36-7-14-39.3;
- (5) IC 36-7-15.1-26;
- (6) IC 36-7-15.1-26.2;
- (7) IC 36-7-15.1-35;
- (8) IC 36-7-15.1-53;
- (9) IC 36-7-15.1-55;
- (10) IC 36-7-30-25;

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(11) IC 36-7-30-26; or

(12) IC 36-7-32-4.

Sec. 5. As used in this chapter, "district" refers to:

(1) an economic development district under IC 6-1.1-39;

(2) an eligible entity (as defined in IC 8-22-3.5-2.5);

(3) a redevelopment district, for an allocation area established under:

(A) IC 36-7-14;

(B) IC 36-7-15.1; or

(C) IC 36-7-32; or

(4) a special taxing district, as described in:

(A) IC 36-7-14.5-12.5(d); or

(B) IC 36-7-30-3(b).

Sec. 6. As used in this chapter, "governing body" means the following:

(1) For an allocation area created under IC 6-1.1-39, the fiscal body that established the economic development district.

(2) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).

(3) For an allocation area created under IC 36-7-14, the redevelopment commission.

(4) For an allocation area created under IC 36-7-14.5, the redevelopment authority.

(5) For an allocation area created under IC 36-7-15.1, the metropolitan development commission.

(6) For an allocation area created under IC 36-7-30, the military base reuse authority.

(7) For an allocation area created under IC 36-7-32, the redevelopment commission.

Sec. 7. As used in this chapter, "property taxes" means:

(1) property taxes, as used or defined in:

(A) IC 6-1.1-39-5(g);

(B) IC 36-7-14-39(a);

(C) IC 36-7-14-39.3(c);

(D) IC 36-7-15.1-26(a);

(E) IC 36-7-15.1-26.2(c);

(F) IC 36-7-15.1-53(a);

(G) IC 36-7-15.1-55(c);

(H) IC 36-7-30-25(a)(3);

(I) IC 36-7-30-26(c); or

(J) IC 36-7-32-17; or

(2) for allocation areas created under IC 8-22-3.5, the taxes

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assessed on taxable tangible property in the allocation area.

Sec. 8. As used in this chapter, "special fund" means:

- (1) the special funds referred to in IC 6-1.1-39-5(a);
- (2) the special funds referred to in IC 8-22-3.5-9(e);
- (3) the allocation fund referred to in IC 36-7-14-39(b)(2);
- (4) the allocation fund referred to in IC 36-7-14.5-12.5(d);
- (5) the special fund referred to in IC 36-7-15.1-26(b)(2);
- (6) the special fund referred to in IC 36-7-15.1-53(b)(2);
- (7) the allocation fund referred to in IC 36-7-30-25(b)(2); or
- (8) the certified technology park fund referred to in IC 36-7-32-17.

Sec. 9. As used in this chapter, "tax increment replacement amount" means the tax increment replacement amount determined under section 11 of this chapter.

Sec. 10. As used in this chapter, "tax increment revenues" means the property taxes attributable to the assessed value of property in excess of the base assessed value.

Sec. 11. (a) Not later than September 1 of a year in which a general reassessment does not become effective, the governing body shall estimate the tax increment replacement amount for each allocation area under the jurisdiction of the governing body for the next calendar year. In a year in which a general reassessment becomes effective, the department of local government finance may extend the deadline under this subsection by giving written notice to the governing body before the deadline.

(b) The tax increment replacement amount is the amount determined in STEP THREE of the following formula:

STEP ONE: The governing body shall estimate the amount of tax increment revenues the governing body would receive in the next calendar year if the property taxes with respect to the tuition support levies imposed by all school corporations in the allocation area were determined under IC 20-45 as in effect January 1, 2007.

STEP TWO: The governing body shall estimate the amount of tax increment revenues the governing body will receive in the next calendar year after the reduction or elimination of tuition support levies under IC 20-45-3-11(b) through IC 20-45-3-11(c) for all school corporations in the allocation area.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

Sec. 12. (a) A tax is imposed each year on all taxable property

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in the district in which the governing body exercises jurisdiction.

(b) Except as provided in subsections (c) and (d), the tax imposed under this section shall be automatically imposed at a rate sufficient to generate the tax increment replacement amount determined under section 11(b) of this chapter for that year.

(c) The legislative body of the unit that established the district may:

(1) reduce the amount of the tax to be levied under this section; or

(2) determine that a tax should not be levied under this section.

(d) This subsection applies to a district in which the total assessed value of all allocation areas in the district is greater than ten percent (10%) of the total assessed value of the district. Except as provided in section 14(d) of this chapter, a tax levy imposed under this section may not exceed the lesser of:

(1) the tax increment replacement amount; or

(2) the amount that will result from the imposition of a rate for the tax levy that the department of local government finance estimates will cause the total tax rate in the district to be one hundred ten percent (110%) of the rate that would apply if the tax levy authorized by this chapter were not imposed for the year.

Sec. 13. (a) A district described in section 12(d) of this chapter may appeal to the department of local government finance for a distribution from the state general fund if the district has imposed the maximum tax levy permissible under section 12(d) of this chapter.

(b) The maximum amount of a distribution under this section is the amount determined by subtracting the amount of the tax levied under section 12(d) of this chapter from the tax increment replacement amount determined under section 11(b) of this chapter.

(c) An appeal under this section must be filed before September 20 of a year.

Sec. 14. (a) The department of local government finance shall approve an appeal filed under section 13 of this chapter if the department determines that:

(1) the governing body's estimate of the tax replacement amount under section 11 of this chapter is reasonable;

(2) a tax levy in excess of the amount determined under section 12(d) of this chapter would:

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- 1 (A) create a significant financial hardship on taxpayers
 2 residing in the district in which the governing body
 3 exercises jurisdiction;
 4 (B) significantly reduce the benefits of the reduction and
 5 eventual elimination of tuition support levies for each
 6 school corporation; or
 7 (C) have a disproportionate impact on small businesses or
 8 low income families or individuals; and
 9 (3) the governing body has made reasonable efforts to limit its
 10 use of the special fund for the allocation area to
 11 appropriations for payments of:
 12 (A) the principal and interest on loans or bonds;
 13 (B) lease rentals on leases; and
 14 (C) amounts due on other contractual obligations.
 15 (b) In a year in which a general reassessment does not become
 16 effective, the department of local government finance shall make
 17 a final determination on an appeal filed under this section by
 18 December 1 of the year. In a year in which a general reassessment
 19 becomes effective, the department may extend the deadline under
 20 this subsection by giving written notice to the appellant before the
 21 deadline.
 22 (c) If the department of local government finance approves an
 23 appeal filed under section 13 of this chapter, the department shall
 24 order a distribution from the state general fund.
 25 (d) If the department of local government finance denies an
 26 appeal filed under section 13 of this chapter, or does not grant the
 27 maximum permissible distribution under section 13(b) of this
 28 chapter, the legislative body of the unit that established the district
 29 may increase the levy imposed under this chapter to an amount
 30 that, when combined with any distribution received under this
 31 chapter, does not exceed the tax increment replacement amount.
 32 Sec. 15. (a) A tax levied under this chapter shall be certified by
 33 the department of local government finance to the auditor of the
 34 county in which the district is located and shall be:
 35 (1) estimated and entered upon the tax duplicates by the
 36 county auditor; and
 37 (2) collected and enforced by the county treasurer;
 38 in the same manner as state and county taxes are estimated,
 39 entered, collected, and enforced.
 40 (b) As the tax is collected by the county treasurer, it shall be
 41 transferred to the governing body and accumulated and kept in the
 42 special fund for the allocation area.

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1 (c) A tax levied under this chapter:

2 (1) is exempt from property tax levy limitations; and

3 (2) is not subject to IC 6-1.1-20.

4 (d) A tax levied under this chapter and the use of revenues from
5 a tax levied under this chapter by a governing body do not create
6 a constitutional or statutory debt, pledge, or obligation of the
7 governing body, the district, or any unit.

8 SECTION 44. IC 6-1.1-29-1 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as
10 provided in section 9 of this chapter, each county shall have a county
11 board of tax adjustment composed of seven (7) members. The members
12 of the county board of tax adjustment shall be selected as follows:

13 (1) The county fiscal body shall appoint a member of the body to
14 serve as a member of the county board of tax adjustment.

15 (2) Either the executive of the largest city in the county or a
16 public official of any city in the county appointed by that
17 executive shall serve as a member of the board. However, if there
18 is no incorporated city in the county, the fiscal body of the largest
19 incorporated town of the county shall appoint a member of the
20 body to serve as a member of the county board of tax adjustment.

21 (3) The governing body of the school corporation, located entirely
22 or partially within the county, which has the greatest taxable
23 valuation of any school corporation of the county shall appoint a
24 member of the governing body to serve as a member of the county
25 board of tax adjustment.

26 (4) The remaining four (4) members of the county board of tax
27 adjustment must be residents of the county and freeholders and
28 shall be appointed by the board of commissioners of the county.

29 (b) This section expires December 31, 2008.

30 SECTION 45. IC 6-1.1-29-1.5 IS ADDED TO THE INDIANA
31 CODE AS A NEW SECTION TO READ AS FOLLOWS
32 [EFFECTIVE JULY 1, 2007]: Sec. 1.5. (a) On January 1, 2009, there
33 is established in each county a county board of tax and capital
34 projects review. Except as provided by subsections (b)(7), (b)(8),
35 (c)(7), and (c)(8), each member of the board must be an elected
36 official serving on the fiscal body of the taxing unit or the group of
37 taxing units that the individual represents. The board consists of
38 nine (9) members. All members except the county auditor are
39 voting members. However, the county auditor is entitled to vote to
40 break a tie vote.

41 (b) For a county having at least two (2) cities, at least two (2)
42 towns, and at least two (2) school corporations, the members of the

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county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, excluding a municipality described in subdivision (2).

(5) One (1) individual from the fiscal body of a school corporation within the county (excluding a school corporation described in subdivision (3)), appointed jointly by the fiscal bodies of the school corporations. The appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county, excluding a town described in subdivision (2).

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-10-2-13.

(8) The county auditor.

(c) For a county not described in subsection (b), the members of the county board of tax and capital projects review are as follows:

(1) One (1) individual from the county fiscal body.

(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.

(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.

(4) One (1) individual from the fiscal bodies of the cities within the county, or towns within the county in the case of a county not having any cities. However, a municipality described in subdivision (2) is excluded.

(5) One (1) individual from the fiscal bodies of the school corporations within the county, excluding the school corporation described in subdivision (3), unless that school corporation is the only school corporation within the county. If there is more than one (1) school corporation represented under this subdivision, the appointment under this subdivision

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must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.

(6) One (1) individual from the fiscal bodies of the towns within the county. However, a town described in subdivision (2) and a town described in subdivision (4) are excluded.

(7) Two (2) individuals who are residents of the county and are elected by the voters of the county under IC 3-10-2-13.

(8) The county auditor.

However, if the county has less than three (3) municipalities, subsection (d), rather than subdivisions (2), (4), and (6), governs the selection of members to represent those municipalities.

(d) If a county is subject to subsection (c) but has less than three (3) municipalities, the members of the board who represent those municipalities are determined in the following manner:

(1) If the county has two (2) municipalities, the members representing those municipalities are two (2) individuals from the fiscal body of the municipality that has the greatest taxable assessed valuation and one (1) individual from the fiscal body of the other municipality.

(2) If the county has only one (1) municipality, the members representing that municipality are three (3) individuals from the fiscal body of the municipality.

(e) Members of a county board of tax and capital projects review shall be appointed or elected as provided in section 2 of this chapter.

(f) For purposes of Article 2, Section 9 of the Constitution of the State of Indiana, membership on a county board of tax and capital projects review is not a lucrative office.

(g) A county board of tax and capital projects review is subject to IC 5-14-1.5 and IC 5-14-3.

SECTION 46. IC 6-1.1-29-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The seven (7) members of the county board of tax adjustment shall be appointed before April 15th of each year, and their appointments shall continue in effect until April 15th of the following year. The four (4) freehold members of the county board of tax adjustment may not be, or have been during the year preceding their appointment, an official or employee of a political subdivision. The four (4) freehold members shall be appointed in such a manner that no more than four (4) of the board members are members of the same political party. **This**

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subsection expires December 31, 2008.

(b) The following apply, notwithstanding any other provision:

(1) A member may not be appointed to a county board of tax adjustment after December 31, 2008.

(2) The term of a member of a county board of tax adjustment serving on December 31, 2008, expires on December 31, 2008.

(3) Each county board of tax adjustment is abolished on December 31, 2008.

(c) On or before December 31 of 2008 and each even-numbered year thereafter, each fiscal body required to make an appointment to a county board of tax and capital projects review under section 1.5 of this chapter shall make the required appointment or appointments of members who will represent the fiscal body on the county board of tax and capital projects review. The appointments take effect January 1 of the following odd-numbered year and continue in effect until December 31 of the following even-numbered year. If a member is to be appointed by one (1) fiscal body, the appointment must be made by a majority vote of the fiscal body in official session. If a member is to be appointed by more than one (1) fiscal body, the appointment must be made by a majority vote of the total members of the fiscal bodies taken in joint session. If:

(1) a fiscal body fails; or

(2) the fiscal bodies, in the case of a joint appointment, fail; to make a required appointment of a member by December 31 of an even-numbered year, the county fiscal body shall make the appointment from the appropriate fiscal body.

(d) At the general election in 2008 and every four (4) years thereafter, the voters of each county shall under IC 3-10-2-13 elect two (2) individuals who are residents of the county as members of the county board of tax and capital projects review. The term of office of a member elected under this subsection begins January 1 of the year following the member's election and ends December 31 of the fourth year following the member's election.

(e) A member appointed or elected under this section may not be, or have been during the year preceding the member's appointment or election, an officer or employee of a political subdivision.

SECTION 47. IC 6-1.1-29-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) This section applies after December 31, 2008.

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1 (b) Five (5) members of the county board of tax and capital
2 projects review constitute a quorum.

3 (c) The county board of tax and capital projects review may
4 adopt rules for the transaction of business at its meetings.

5 (d) The affirmative votes of at least five (5) members of the
6 county board of tax and capital projects review are required for
7 the board to take action.

8 (e) The county auditor is the clerk of the county board of tax
9 and capital projects review and shall:

10 (1) preserve the board's records in the auditor's office;

11 (2) keep an accurate record of the board's proceedings; and

12 (3) record the ayes and nays on each vote of the board.

13 SECTION 48. IC 6-1.1-29-3 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) If a vacancy
15 occurs in the membership of the county board of tax adjustment
16 (before January 1, 2009) or the county board of tax and capital
17 projects review (after December 31, 2008) with respect to an
18 appointment made by a fiscal body, the vacancy shall be filled in the
19 same manner provided for the original appointment.

20 (b) If a vacancy occurs after December 31, 2008, in the
21 membership of the county board of tax and capital projects review
22 with respect to a member elected under section 2(d) of this chapter,
23 the county fiscal body shall appoint an individual to fill the vacancy
24 for the remainder of the term.

25 SECTION 49. IC 6-1.1-29-4 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Except as
27 provided in subsection (b), each county board of tax adjustment
28 (before January 1, 2009) or county board of tax and capital
29 projects review (after December 31, 2008), except the board for a
30 consolidated city and county and for a county containing a second class
31 city, shall hold its first meeting of each year for the purpose of
32 reviewing budgets, tax rates, and levies on September 22 or on the
33 first business day after September 22, if September 22 is not a business
34 day. The board for a consolidated city and county and for a county
35 containing a second class city shall hold its first meeting of each year
36 for the purpose of reviewing budgets, tax rates, and levies on the
37 first Wednesday following the adoption of city and county budget, tax
38 rate, and tax levy ordinances. The board shall hold the first meeting at
39 the office of the county auditor. At the first meeting of each year, the
40 board shall elect a chairman and a vice-chairman. After the first this
41 meeting, the board shall continue to meet from day to day at any
42 convenient place until its business is completed. However, the board

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1 must, **except as provided in subsection (b)**, complete its duties on or
 2 before the date prescribed in IC 6-1.1-17-9(a). ~~After the first meeting,~~
 3 ~~the board may hold subsequent meetings at any convenient place.~~

4 **(b) This section does not limit the ability of the county board of**
 5 **tax and capital projects review to meet after December 31, 2008, at**
 6 **any time during a year to carry out its duties under IC 6-1.1-29.5.**

7 SECTION 50. IC 6-1.1-29-5 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The county auditor
 9 shall serve as clerk of the county board of tax adjustment. The clerk
 10 shall keep a complete record of all the board's proceedings. The clerk
 11 may not vote on matters before the board. **This section expires**
 12 **December 31, 2008.**

13 SECTION 51. IC 6-1.1-29-6 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. **(a)** The four (4)
 15 freehold members of the county board of tax adjustment shall receive
 16 compensation on a per diem basis for each day of actual service. The
 17 rate of this compensation is the same as the rate that the freehold
 18 members of the county property tax assessment board of appeals of that
 19 county receive. The county auditor shall keep an attendance record of
 20 each meeting of the county board of tax adjustment. At the close of
 21 each annual session, the county auditor shall certify to the county board
 22 of commissioners the number of days actually served by each freehold
 23 member. The county board of commissioners may not allow claims for
 24 service on the county board of tax adjustment for more days than the
 25 number of days certified by the county auditor. **This subsection**
 26 **expires December 31, 2008.**

27 **(b) A member of the county board of tax and capital projects**
 28 **review who is elected under section 1.5 of this chapter shall receive**
 29 **compensation from the county on a per diem basis for each day of**
 30 **actual service on the board. The rate of the compensation is equal**
 31 **to the rate that members of the county property tax assessment**
 32 **board of appeals in the county receive under IC 6-1.1-28-3. The**
 33 **county auditor shall keep an attendance record of each meeting of**
 34 **the county board of tax and capital projects review. The county**
 35 **auditor shall certify to the county executive the number of days**
 36 **actually served by each elected member. The county executive may**
 37 **not allow claims for service on the county board of tax and capital**
 38 **projects review for more days than the number of days certified by**
 39 **the county auditor. Appointed members of the county board of tax**
 40 **and capital projects review are not entitled to per diem**
 41 **compensation.**

42 SECTION 52. IC 6-1.1-29-7 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. A county board of
 2 tax adjustment **(before January 1, 2009) or the county board of tax**
 3 **and capital projects review (after December 31, 2008)** may require
 4 an official of a political subdivision of the county to appear before the
 5 board. In addition, the board may require such an official to provide the
 6 board with information which is related to the budget, tax rate, or tax
 7 levy of the political subdivision.

8 SECTION 53. IC 6-1.1-29-8 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A county board of
 10 tax adjustment **(before January 1, 2009) or the county board of tax**
 11 **and capital projects review (after December 31, 2008)** may employ
 12 an examiner of the state board of accounts to assist the county board
 13 with its duties. If the board desires to employ an examiner, it shall
 14 adopt a resolution which states the number of days that the examiner
 15 is to serve, when the county board files a copy of the resolution with
 16 the chief examiner of the state board of accounts, the state board of
 17 accounts shall assign an examiner to the county board of tax adjustment
 18 **(before January 1, 2009) or the county board of tax and capital**
 19 **projects review (after December 31, 2008)** for the number of days
 20 stated in the resolution. When an examiner of the state board of
 21 accounts is employed by a county board of tax adjustment **(before**
 22 **January 1, 2009) or a county board of tax and capital projects**
 23 **review (after December 31, 2008)** under this section, the county shall
 24 pay the expenses related to ~~his~~ **the examiner's** services in the same
 25 manner that expenses are to be paid under IC 1971, 5-11-4-3.

26 SECTION 54. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006,
 27 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2007]: Sec. 9. (a) **This subsection expires December 31,**
 29 **2008.** A county council may adopt an ordinance to abolish the county
 30 board of tax adjustment. This ordinance must be adopted by July 1 and
 31 may not be rescinded in the year it is adopted. Notwithstanding
 32 IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, IC 12-19-7, IC 12-19-7.5,
 33 IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4,
 34 and IC 36-9-13, if such an ordinance is adopted, this section governs
 35 the treatment of tax rates, tax levies, and budgets that would otherwise
 36 be reviewed by a county board of tax adjustment under IC 6-1.1-17.

37 **(b) This subsection applies after December 31, 2008. Subject to**
 38 **subsection (e), a county board of tax and capital projects review**
 39 **may not review or modify tax rates, tax levies, and budgets if the**
 40 **county council:**

41 **(1) adopts an ordinance to abolish the county board of tax**
 42 **adjustment before January 1, 2009; or**

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(2) adopts an ordinance before July 2 of any year to prohibit the county board of tax and capital projects review from carrying out such reviews.

An ordinance described in this subsection may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 12-19-7, IC 12-19-7.5, IC 20-45, IC 20-46, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted and has not been rescinded, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax and capital projects review under IC 6-1.1-17.

~~(b)~~ (c) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

~~(c)~~ (d) If an ordinance described in subsection (a) or (b) is adopted and has not been rescinded, a tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment (before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

(e) This section does not prohibit a county board of tax and capital projects review from reviewing tax rates, tax levies, and budgets for informational purposes as necessary to carry out its duties under IC 6-1.1-29.5.

SECTION 55. IC 6-1.1-29.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 29.5. Capital Projects Review

Sec. 1. As used in this chapter, "capital project" means any:

- (1) acquisition of land;
- (2) site improvements;
- (3) infrastructure improvements;
- (4) construction of buildings or structures;
- (5) rehabilitation, renovation, or enlargement of buildings or structures; or
- (6) acquisition or improvement of machinery, equipment, furnishings, or facilities required for the operation of buildings, structures, or infrastructure;

(or any combination of subdivisions (1) through (6)) by a political subdivision.

Sec. 2. As used in this chapter, "fiscal body" has the meaning set

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1 forth in IC 36-1-2-6.

2 Sec. 3. As used in this chapter, "political subdivision" has the
3 meaning set forth in IC 36-1-2-13.

4 Sec. 4. As used in this chapter, "review board" refers to the
5 county board of tax and capital projects review established in a
6 county under IC 6-1.1-29.

7 Sec. 5. (a) The fiscal body of each political subdivision shall do
8 the following:

9 (1) After January 1 and before October 1 of 2009 and every
10 two (2) years thereafter:

11 (A) hold a public hearing on a proposed capital projects
12 plan for the political subdivision; and

13 (B) adopt a capital projects plan by ordinance or
14 resolution.

15 (2) Submit a copy of the capital projects plan and the
16 ordinance or resolution to the review board not later than
17 fifteen (15) days following the adoption of the capital projects
18 plan.

19 (b) If a political subdivision contains territory in more than one
20 (1) county, the fiscal body shall transmit a copy of the capital
21 projects plan and the ordinance or resolution to the review board
22 of each county in which the political subdivision contains territory.

23 Sec. 6. (a) The department of local government finance shall by
24 rule prescribe the format of a capital projects plan. A capital
25 projects plan must apply to at least the five (5) years immediately
26 following the year the capital projects plan is adopted and must
27 include the following components for each year covered by the
28 capital projects plan:

29 (1) A general description of the political subdivision.

30 (2) A description of facilities owned by the political
31 subdivision and the use of the facilities.

32 (3) The location and general description of each proposed
33 capital project and the intended use of each proposed capital
34 project.

35 (4) The estimated total cost of each proposed capital project.

36 (5) Identification of all sources of funds expected to be used
37 for each proposed capital project.

38 (6) The planning, development, and construction schedule of
39 each proposed capital project.

40 (7) Any other element required by the department of local
41 government finance.

42 (b) The department of local government finance shall by rule

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1 establish a procedure for amendment of a capital projects plan in
2 the case of an emergency.

3 Sec. 7. Before a public hearing on a proposed capital projects
4 plan is held by the fiscal body of a political subdivision under
5 section 5(a)(1) of this chapter, the fiscal body shall publish a
6 summary of the proposed capital projects plan and a notice of the
7 hearing in accordance with IC 5-3-1-2(b).

8 Sec. 8. When the fiscal body of a political subdivision holds a
9 public hearing on a proposed capital projects plan under section
10 5(a)(1) of this chapter, the fiscal body shall allow the public the
11 opportunity to testify concerning the proposed capital projects
12 plan. However, the fiscal body may limit testimony at the public
13 hearing to a reasonable time stated at the opening of the public
14 hearing.

15 Sec. 9. (a) The review board shall hold a public hearing on a
16 proposed capital projects plan submitted by a political subdivision.
17 The review board shall allow the public the opportunity to testify
18 concerning the proposed capital projects plan.

19 (b) The review board shall provide the fiscal body of a political
20 subdivision with a written report concerning the review board's
21 findings and recommendations concerning the fiscal body's capital
22 projects plan not more than sixty (60) business days after the
23 review board's receipt of the capital projects plan.

24 (c) If the fiscal body of a political subdivision receives a written
25 report under subsection (b) that makes a recommendation against
26 an element included in the political subdivision's capital projects
27 plan, the political subdivision may retain that element in the capital
28 projects plan only if the fiscal body at a public meeting addresses
29 the review board's concerns and enters into the record of the
30 public meeting an explanation of why that element should be
31 retained in the capital projects plan.

32 Sec. 10. (a) This section applies only to a capital project that is
33 a controlled project (as defined in IC 6-1.1-20-1.1).

34 (b) The fiscal body of a political subdivision that intends to
35 construct a capital project subject to this section:

- 36 (1) must submit the plan of the capital project to the review
37 board in the manner provided by this chapter; and
- 38 (2) except as provided in section 14 of this chapter, may not:
 - 39 (A) begin construction of the capital project;
 - 40 (B) enter into contracts for the construction of the capital
41 project;
 - 42 (C) procure supplies necessary for construction of the

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- 1 capital project;
 2 (D) issue bonds, notes, or warrants, or otherwise borrow
 3 money for the capital project;
 4 (E) enter into a lease or other agreement that would
 5 provide debt service for bonds or other obligations issued
 6 by the political subdivision or another entity to finance the
 7 capital project; or
 8 (F) approve any of the actions described in clauses (A)
 9 through (E) by another entity;
 10 unless the review board approves the capital project under
 11 section 13 of this chapter.
 12 (c) If a political subdivision contains territory in more than one
 13 (1) county, the fiscal body of the political subdivision must submit
 14 the proposed capital project to the review board of each of those
 15 counties.
 16 (d) The fiscal body of a political subdivision may not artificially
 17 divide a capital project into multiple capital projects in order to
 18 avoid the requirements of this section.
 19 Sec. 11. (a) Before the fiscal body of a political subdivision may
 20 submit a capital project described in section 10 of this chapter to
 21 the review board, the fiscal body shall:
 22 (1) hold a public hearing on the proposed capital project; and
 23 (2) prepare a feasibility study that supports the scope and cost
 24 of the proposed capital project.
 25 Before a public hearing on a proposed capital project is held by the
 26 fiscal body of a political subdivision under this section, the fiscal
 27 body shall publish a description of the proposed capital project and
 28 a notice of the hearing in accordance with IC 5-3-1-2(b).
 29 (b) The fiscal body of a political subdivision may consider
 30 multiple capital projects at a public hearing held under this
 31 section.
 32 (c) When the fiscal body of a political subdivision holds a public
 33 hearing under this section, the fiscal body shall allow any person
 34 an opportunity to be heard in the presence of others who are
 35 present to testify with respect to the proposed capital project.
 36 However, the fiscal body may limit testimony at a public hearing
 37 to a reasonable time stated at the opening of the public hearing.
 38 (d) After holding a public hearing under this section and
 39 considering all information submitted by persons testifying at the
 40 hearing, the fiscal body of a political subdivision may adopt an
 41 ordinance or resolution requesting approval of the proposed
 42 capital project by the review board. The fiscal body shall

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1 immediately transmit a copy of the ordinance or resolution to the
 2 review board. If the political subdivision contains territory in more
 3 than one (1) county, the fiscal body shall transmit a copy of the
 4 ordinance or resolution to the review board of each of those
 5 counties.

6 Sec. 12. (a) Before taking action on a request for approval of a
 7 proposed capital project described in section 10 of this chapter, a
 8 review board must conduct a public hearing on the proposed
 9 project. If a public hearing is scheduled under this section, the
 10 review board shall publish a description of the proposed capital
 11 project and a notice of the hearing in accordance with
 12 IC 5-3-1-2(b).

13 (b) The review board may consider multiple capital projects at
 14 a public hearing held under this section.

15 (c) The review board may require the fiscal body of a political
 16 subdivision that submits a request for approval of a capital project
 17 to provide plans, specifications, cost estimates, estimated impacts
 18 on tax rates, and other relevant information concerning that
 19 project.

20 (d) When a review board holds a public hearing under this
 21 section, the review board shall allow the public an opportunity to
 22 testify concerning the proposed capital project. However, the
 23 review board may limit testimony at a public hearing to a
 24 reasonable time stated at the opening of the public hearing.

25 Sec. 13. (a) After considering all information submitted at the
 26 hearing under section 12 of this chapter by the fiscal body of the
 27 political subdivision and by persons testifying at the hearing, the
 28 review board may approve, disapprove, modify then approve, or
 29 delay the implementation of a proposed capital project. The review
 30 board may consider the following factors when reviewing a
 31 proposed capital project:

- 32 (1) The age, condition, and adequacy of existing facilities.
- 33 (2) The cost per square foot of the proposed capital project.
- 34 (3) The relative priority the proposed capital project should
- 35 have among other capital projects proposed within the
- 36 county.
- 37 (4) The estimated impact the proposed capital project would
- 38 have on tax rates.
- 39 (5) Any other factors considered pertinent by the review
- 40 board.

41 (b) A review board may not disapprove a proposed capital
 42 project that is required by a court order but may modify the

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capital project in a manner that does not violate the order.

(c) If a review board does not issue a decision with respect to a proposed capital project within ninety (90) days after the review board's receipt of the plan of the capital project under section 11 of this chapter, the capital project is considered approved by the review board as submitted.

(d) The following apply if a proposed capital project is submitted to the review boards of two (2) or more counties as required by section 10(c) of this chapter:

(1) If the project is disapproved by any of the review boards, the project is considered to be disapproved.

(2) If the project is not disapproved by any of the review boards, but the review boards reach different decisions concerning the approval, modification, or delay of the project, the decision of the review board for the county that contains the greatest percentage of the political subdivision's population controls.

(e) If the review board modifies and then approves a capital project, the review board shall provide a written report detailing the reason for that change to the fiscal body of the affected political subdivision within thirty (30) business days after the review board's decision.

(f) All orders of the review board under this section shall be filed with the affected political subdivision and with the department of local government finance.

Sec. 14. If the review board disapproves a capital project under section 13 of this chapter, the political subdivision that proposed the project may take any action under section 10(b)(2) of this chapter with regard to the capital project if:

(1) not more than sixty (60) days after the review board's disapproval, the political subdivision initiates the petition and remonstrance process under IC 6-1.1-20-3.4; and

(2) the capital project is approved in the petition and remonstrance process under IC 6-1.1-20.

SECTION 56. IC 6-1.1-36-12, AS AMENDED BY P.L.154-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) A board of county commissioners, a county assessor, or an elected township assessor may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the

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1 parcel or the assessment under the return have been finalized. The
2 contract may require the contractor to:

3 (1) examine and verify the accuracy of personal property returns
4 filed by taxpayers with a township assessor of a township in the
5 county **or the county assessor**; and

6 (2) compare a return with the books **and records** of the taxpayer
7 and with personal property owned, held, possessed, controlled, or
8 occupied by the taxpayer.

9 **(b) The actions of a contractor under subsection (a)(1) or (a)(2)**
10 **must be limited in scope to the three (3) assessment years ending**
11 **before January 1 of the calendar year in which the taxpayer**
12 **receives notice of the contractor's actions. Notice provided under**
13 **this section must be in writing and must list each year for which**
14 **returns and other records may be reviewed under subsection (a).**
15 **For purposes of this subsection, notice is considered to have been**
16 **received by the taxpayer as of the date of the notice.**

17 **(c) IC 6-1.1-9-3 does not apply to a contractor's actions under**
18 **subsection (a).**

19 ~~(b)~~ **(d)** This subsection applies if funds are not appropriated for
20 payment of services performed under a contract described in subsection
21 (a). The county auditor may create a special nonreverting fund in which
22 the county treasurer shall deposit the amount of taxes, including
23 penalties and interest, that result from additional assessments on
24 undervalued or omitted property collected from all taxing jurisdictions
25 in the county after deducting the amount of any property tax credits that
26 reduce the owner's property tax liability for the undervalued or omitted
27 property. The fund remains in existence during the term of the contract.
28 Distributions shall be made from the fund without appropriation only
29 for the following purposes **and in the following order:**

30 (1) **First, for** all contract fees and other costs related to the
31 contract.

32 (2) **Second, for deposit in the county's reassessment fund. The**
33 **amount deposited in the county's reassessment fund under**
34 **this subdivision may not exceed twenty percent (20%) of the**
35 **remaining money collected as a result of a contract entered**
36 **into under this section.**

37 ~~(2)~~ **(e)** After the payments required by ~~subdivision (1)~~ **subsection**
38 **(d)** have been made and the contract has expired, the county auditor
39 shall distribute all money remaining in the fund to the appropriate
40 taxing units in the county using the property tax rates of each taxing
41 unit in effect at the time of the distribution.

42 **(f) If the money in the fund established under subsection (b) is**

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1 **insufficient to pay the fees and costs related to a contract described**
 2 **in subsection (a), the county may pay the remaining fees and costs**
 3 **from the county's reassessment fund.**

4 ~~(e)~~ (g) A board of county commissioners, a county assessor, or an
 5 elected township assessor may not contract for services under
 6 subsection (a) on a percentage basis.

7 **(h) The department shall adopt rules under IC 4-22-2 to govern**
 8 **the certification of persons who wish to obtain a contract under**
 9 **this section.**

10 SECTION 57. IC 6-3.5-1.1-1.1, AS ADDED BY P.L.207-2005,
 11 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 UPON PASSAGE]: Sec. 1.1. (a) **Except as provided in subsection**
 13 **(d),** for purposes of allocating the certified distribution made to a
 14 county under this chapter among the civil taxing units and school
 15 corporations in the county, the allocation amount for a civil taxing unit
 16 or school corporation is the amount determined using the following
 17 formula:

18 STEP ONE: Determine the sum of the total property taxes being
 19 collected by the civil taxing unit or school corporation during the
 20 calendar year of the distribution.

21 STEP TWO: Determine the sum of the following:

22 (A) Amounts appropriated from property taxes to pay the
 23 principal of or interest on any debenture or other debt
 24 obligation issued after June 30, 2005, other than an obligation
 25 described in subsection (b).

26 (B) Amounts appropriated from property taxes to make
 27 payments on any lease entered into after June 30, 2005, other
 28 than a lease described in subsection (c).

29 (C) The proceeds of any property that are:

30 (i) received as the result of the issuance of a debt obligation
 31 described in clause (A) or a lease described in clause (B);
 32 and

33 (ii) appropriated from property taxes for any purpose other
 34 than to refund or otherwise refinance a debt obligation or
 35 lease described in subsection (b) or (c).

36 STEP THREE: Subtract the STEP TWO amount from the STEP
 37 ONE amount.

38 STEP FOUR: Determine the sum of:

39 (A) the STEP THREE amount; plus

40 (B) the civil taxing unit's or school corporation's certified
 41 distribution for the previous calendar year.

42 (b) Except as provided in this subsection, an appropriation from

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property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes; to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes; to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(d) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:

(1) Adjust the allocation amount of each school corporation to ensure that the school corporation's allocation amount is not reduced (as a percentage of the part of certified distributions that constitute property tax replacement credits) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Adjust the allocation amount of each county to ensure that the county's allocation amount is not reduced (as a percentage

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1 of the part of certified distributions that constitute property
 2 tax replacement credits) because of the reduction or
 3 elimination of the county family and children's fund property
 4 tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

5 SECTION 58. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006,
 6 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
 8 which the county option income tax will not be in effect on ~~July~~
 9 **October 1** of a year under an ordinance adopted during a previous
 10 calendar year may impose the county adjusted gross income tax on the
 11 adjusted gross income of county taxpayers of its county effective July
 12 1 of that year.

13 (b) Except as provided in section 2.3, 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, ~~or~~
 14 3.6, **24, 25, or 26** of this chapter, the county adjusted gross income tax
 15 may be imposed at a rate of one-half of one percent (0.5%),
 16 three-fourths of one percent (0.75%), or one percent (1%) on the
 17 adjusted gross income of resident county taxpayers of the county. Any
 18 county imposing the county adjusted gross income tax must impose the
 19 tax on the nonresident county taxpayers at a rate of one-fourth of one
 20 percent (0.25%) on their adjusted gross income. If the county council
 21 elects to decrease the county adjusted gross income tax, the county
 22 council may decrease the county adjusted gross income tax rate in
 23 increments of one-tenth of one percent (0.1%).

24 (c) To impose the county adjusted gross income tax, the county
 25 council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of
 26 a year, adopt an ordinance. The ordinance must substantially state the
 27 following:

28 "The _____ County Council imposes the county adjusted
 29 gross income tax on the county taxpayers of _____ County.
 30 The county adjusted gross income tax is imposed at a rate of
 31 _____ percent (____%) on the resident county taxpayers of the
 32 county and one-fourth of one percent (0.25%) on the nonresident
 33 county taxpayers of the county. This tax takes effect ~~July~~ **October**
 34 1 of this year."

35 (d) Any ordinance adopted under this section takes effect ~~July~~
 36 **October 1** of the year the ordinance is adopted.

37 (e) The auditor of a county shall record all votes taken on
 38 ordinances presented for a vote under the authority of this section and
 39 immediately send a certified copy of the results to the department by
 40 certified mail.

41 (f) If the county adjusted gross income tax had previously been
 42 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,

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1 1983) and that tax was in effect at the time of the enactment of this
 2 chapter, then the county adjusted gross income tax continues in that
 3 county at the rates in effect at the time of enactment until the rates are
 4 modified or the tax is rescinded in the manner prescribed by this
 5 chapter. If a county's adjusted gross income tax is continued under this
 6 subsection, then the tax shall be treated as if it had been imposed under
 7 this chapter and is subject to rescission or reduction as authorized in
 8 this chapter.

9 SECTION 59. IC 6-3.5-1.1-2.3, AS ADDED BY P.L.162-2006,
 10 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 UPON PASSAGE]: Sec. 2.3. (a) This section applies to Jasper County.

12 (b) The county council may, by ordinance, determine that additional
 13 county adjusted gross income tax revenue is needed in the county to:

14 (1) finance, construct, acquire, improve, renovate, or equip:

15 (A) jail facilities;

16 (B) juvenile court, detention, and probation facilities;

17 (C) other criminal justice facilities; and

18 (D) related buildings and parking facilities;

19 located in the county, including costs related to the demolition of
 20 existing buildings and the acquisition of land; and

21 (2) repay bonds issued or leases entered into for the purposes
 22 described in subdivision (1).

23 (c) The county council may, by ordinance, determine that additional
 24 county adjusted gross income tax revenue is needed in the county to
 25 operate or maintain any of the facilities described in subsection
 26 (b)(1)(A) through (b)(1)(D) that are located in the county. The county
 27 council may make a determination under both this subsection and
 28 subsection (b).

29 (d) In addition to the rates permitted by section 2 of this chapter, the
 30 county council may impose the county adjusted gross income tax at a
 31 rate of:

32 (1) fifteen-hundredths percent (0.15%);

33 (2) two-tenths percent (0.2%); or

34 (3) twenty-five hundredths percent (0.25%);

35 on the adjusted gross income of county taxpayers if the county council
 36 makes a finding and determination set forth in subsection (b) or (c).

37 (e) If the county council imposes the tax under this section to pay
 38 for the purposes described in both subsections (b) and (c), when:

39 (1) the financing, construction, acquisition, improvement,
 40 renovation, and equipping described in subsection (b) are
 41 completed; and

42 (2) all bonds issued or leases entered into to finance the

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1 construction, acquisition, improvement, renovation, and
 2 equipping described in subsection (b) are fully paid;
 3 the county council shall, subject to subsection (d), establish a tax rate
 4 under this section by ordinance such that the revenue from the tax does
 5 not exceed the costs of operating and maintaining the jail facilities
 6 described in subsection (b)(1)(A). The tax rate may not be imposed at
 7 a rate greater than is necessary to carry out the purposes described in
 8 subsections (b) and (c), as applicable.

9 (f) An ordinance adopted under this section before ~~June 1, 2006, or~~
 10 ~~April August 1~~ in a ~~subsequent~~ year applies to the imposition of county
 11 income taxes after ~~June~~ **September** 30 in that year. An ordinance
 12 adopted under this section after ~~May 31, 2006, and March~~ **July** 31 of
 13 a ~~subsequent~~ year initially applies to the imposition of county option
 14 income taxes after ~~June~~ **September** 30 of the immediately following
 15 year.

16 (g) The tax imposed under this section may be imposed only until
 17 the latest of the following:

18 (1) The date on which the financing, construction, acquisition,
 19 improvement, renovation, and equipping described in subsection
 20 (b) are completed.

21 (2) The date on which the last of any bonds issued or leases
 22 entered into to finance the construction, acquisition,
 23 improvement, renovation, and equipping described in subsection
 24 (b) are fully paid.

25 (3) The date on which an ordinance adopted under subsection (c)
 26 is rescinded.

27 (h) The term of the bonds issued (including any refunding bonds) or
 28 a lease entered into under subsection (b)(2) may not exceed twenty (20)
 29 years.

30 (i) The county treasurer shall establish a criminal justice facilities
 31 revenue fund to be used only for purposes described in this section.
 32 County adjusted gross income tax revenues derived from the tax rate
 33 imposed under this section shall be deposited in the criminal justice
 34 facilities revenue fund before making a certified distribution under
 35 section 11 of this chapter.

36 (j) County adjusted gross income tax revenues derived from the tax
 37 rate imposed under this section:

38 (1) may be used only for the purposes described in this section;

39 (2) may not be considered by the department of local government
 40 finance in determining the county's maximum permissible
 41 property tax levy limit under IC 6-1.1-18.5; and

42 (3) may be pledged to the repayment of bonds issued or leases

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entered into for any or all the purposes described in subsection (b).

(k) Notwithstanding any other law, money remaining in the criminal justice facilities revenue fund established under subsection (i) after the tax imposed by this section is terminated under ~~subsection (f)~~ **subsection (g)** shall be transferred to the county highway fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

SECTION 60. IC 6-3.5-1.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The county council may increase the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To increase the rate, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council increases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase takes effect ~~July~~ **October 1** of this year."

(b) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 61. IC 6-3.5-1.1-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) The county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate decrease takes effect ~~July~~ **October 1** of this year."

(b) A county council may not decrease the county adjusted gross income tax rate if the county or any commission, board, department, or authority that is authorized by statute to pledge the county adjusted gross income tax has pledged the county adjusted gross income tax for

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any purpose permitted by IC 5-1-14 or any other statute.

(c) Any ordinance adopted under this section takes effect ~~July~~
October 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) Notwithstanding IC 6-3.5-7, and except as provided in subsection (f), a county council that decreases the county adjusted gross income tax rate in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(f) This subsection applies only to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000). The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

SECTION 62. IC 6-3.5-1.1-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) This section applies only to a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000).

(b) The county council of a county described in subsection (a) may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to fund the operation and maintenance of a jail and justice center.

(c) Notwithstanding section 2 of this chapter, if the county council adopts an ordinance under subsection (b), the county council may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) on adjusted gross income. However, a county may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for only eight (8) years. After the county has imposed the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for eight (8) years, the rate is reduced to one percent (1%). If the county council imposes the county adjusted gross income tax at a rate of one and three-tenths percent

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(1.3%), the county council may decrease the rate or rescind the tax in the manner provided under this chapter.

(d) If a county imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) under this section, the revenue derived from a tax rate of three-tenths percent (0.3%) on adjusted gross income:

(1) shall be paid to the county treasurer;

(2) may be used only to pay the costs of operating and maintaining a jail and justice center; and

(3) may not be considered by the department of local government finance under any provision of IC 6-1.1-18.5, including the determination of the county's maximum permissible property tax levy.

~~(e) Notwithstanding section 3 of this chapter, the county fiscal body may adopt an ordinance under this section before June 1.~~

SECTION 63. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a year.

(c) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

SECTION 64. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), ~~and~~ (g), **and (h).** The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. **The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.**

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

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(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

- (1) initially imposes the county adjusted gross income tax; or
- (2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

- (1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by**
- (2) two (2).**

SECTION 65. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006,

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SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the *calendar* year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or ~~IC 6-1.1-19-1.7~~ IC 20-44-3. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) *revenue that must be used to pay the costs of:*

(A) *financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;*

(B) *debt service on bonds; or*

(C) *lease rentals;*

under section 2.3 of this chapter;

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~~(1)~~ (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ (3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, *operating, or maintaining* facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(3)~~ (4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b) **and sections 24, 25, and 26 of this chapter**, the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 66. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) *revenue that must be used to pay the costs of:*

(A) *financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;*

(B) *debt service on bonds; or*

(C) *lease rentals;*

under section 2.3 of this chapter;

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~~(1)~~ (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ (3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, *operating, or maintaining* facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(3)~~ (4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
	REPLACEMENT CREDITS	CERTIFIED SHARES
ADJUSTED GROSS INCOME TAX RATE		
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%



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1 1% 25% 75%

2 (c) The part of a certified distribution that constitutes property tax

3 replacement credits shall be distributed as provided under sections 12,

4 13, and 14 of this chapter.

5 (d) The part of a certified distribution that constitutes certified

6 shares shall be distributed as provided by section 15 of this chapter.

7 SECTION 67. IC 6-3.5-1.1-15, AS AMENDED BY P.L.207-2005,

8 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

9 JULY 1, 2007]: Sec. 15. (a) As used in this section, "attributed

10 allocation amount" of a civil taxing unit for a calendar year means the

11 sum of:

12 (1) the allocation amount of the civil taxing unit for that calendar

13 year; plus

14 (2) the current ad valorem property tax levy of any special taxing

15 district, authority, board, or other entity formed to discharge

16 governmental services or functions on behalf of or ordinarily

17 attributable to the civil taxing unit; plus

18 (3) in the case of a county, an amount equal to the property taxes

19 imposed by the county in 1999 for the county's welfare fund and

20 welfare administration fund.

21 (b) The part of a county's certified distribution that is to be used as

22 certified shares shall be allocated only among the county's civil taxing

23 units. Each civil taxing unit of a county is entitled to receive a certified

24 share during a calendar year in an amount determined in STEP TWO

25 of the following formula:

26 STEP ONE: Divide:

27 (A) the attributed allocation amount of the civil taxing unit

28 during that calendar year; by

29 (B) the sum of the attributed allocation amounts of all the civil

30 taxing units of the county during that calendar year.

31 STEP TWO: Multiply the part of the county's certified

32 distribution that is to be used as certified shares by the STEP

33 ONE amount.

34 (c) The local government tax control board established by

35 IC 6-1.1-18.5-11 **(before January 1, 2009) or the county board of**

36 **tax and capital projects review (after December 31, 2008)** shall

37 determine the attributed levies of civil taxing units that are entitled to

38 receive certified shares during a calendar year. If the ad valorem

39 property tax levy of any special taxing district, authority, board, or

40 other entity is attributed to another civil taxing unit under subsection

41 (a)(2), then the special taxing district, authority, board, or other entity

42 shall not be treated as having an attributed allocation amount of its

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own. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 68. IC 6-3.5-1.1-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) A pledge of county adjusted gross income tax revenues under this chapter **(other than tax revenue attributable to a tax rate under section 24, 25, or 26 of this chapter)** is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 69. IC 6-3.5-1.1-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) **In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) **In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.**

(c) **An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.**

(d) **A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.**

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(e) The following apply only in the year in which a county council first imposes a tax rate under this section.

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased; multiplied by

(B) two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(f) The following apply only in a year in which a county council increases a tax rate under this section.

(1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

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STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under

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1 this subsection at the same time that distributions are made to civil
2 taxing units under section 15 of this chapter.

3 (h) Notwithstanding sections 3.1 and 4 of this chapter, a county
4 council may not decrease or rescind a tax rate imposed under this
5 chapter.

6 (i) The tax rate under this section shall not be considered for
7 purposes of computing:

8 (1) the maximum income tax rate that may be imposed in a
9 county under section 2 of this chapter; or

10 (2) the maximum permissible property tax levy under STEP
11 EIGHT of IC 6-1.1-18.5-3(b).

12 (j) The tax levy under this section shall not be considered for
13 purposes of computing the total county tax levy under
14 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

15 (k) A distribution under this section shall be treated as a part of
16 the receiving civil taxing unit's or school corporation's property
17 tax levy for that year for purposes of fixing the budget of the civil
18 taxing unit or school corporation and for determining the
19 distribution of excise taxes that are distributed on the basis of
20 property tax levies.

21 (l) If a county council imposes a tax rate under this section, the
22 portion of county adjusted gross income tax revenue dedicated to
23 property tax replacement credits under section 11 of this chapter
24 may not be decreased.

25 (m) In the year following the year in a which a county first
26 imposes a tax rate under this section, one-half (1/2) of the tax
27 revenue that is attributable to the tax rate under this section must
28 be deposited in the county stabilization fund established under
29 subsection (o).

30 (n) A pledge of county adjusted gross income taxes does not
31 apply to revenue attributable to a tax rate under this section.

32 (o) A county stabilization fund is established in each county that
33 imposes a tax rate under this section. The county stabilization fund
34 shall be administered by the county auditor. If for a year the
35 certified distributions attributable to a tax rate under this section
36 exceed the amount calculated under STEP ONE through STEP
37 FOUR of IC 6-3.5-1.5-1 that is used by the department of local
38 government finance and the department of state revenue to
39 determine the tax rate under this section, the excess shall be
40 deposited in the county stabilization fund. Money shall be
41 distributed from the county stabilization fund in a year by the
42 county auditor to political subdivisions entitled to a distribution of

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tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

(p) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 70. IC 6-3.5-1.1-25 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) As used in this section, "public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

(C) adjudicated as a delinquent child or a child in need of services.

(8) A juvenile detention facility under IC 31-31-8.

(9) A juvenile detention center under IC 31-31-9.

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1 (10) A county jail.

2 (11) A communications system (as defined in IC 36-8-15-3) or
3 an enhanced emergency telephone system (as defined in
4 IC 36-8-16-2).

5 (12) Pension payments for any of the following:

6 (A) A member of the fire department (as defined in
7 IC 36-8-1-8) or any other employee of a fire department.

8 (B) A member of the police department (as defined in
9 IC 36-8-1-9), a police chief hired under a waiver under
10 IC 36-8-4-6.5, or any other employee hired by a police
11 department.

12 (C) A county sheriff or any other member of the office of
13 the county sheriff.

14 (D) Other personnel employed to provide a service
15 described in this section.

16 (b) If a county council has imposed a tax rate under section 24
17 of this chapter, the county council may also adopt an ordinance to
18 impose an additional tax rate under this section to provide funding
19 for public safety.

20 (c) A tax rate under this section may be imposed only at a rate
21 of five-hundredths of one percent (0.05%).

22 (d) If a county council adopts an ordinance to impose a tax rate
23 under this section, the county auditor shall send a certified copy of
24 the ordinance to the department and the department of local
25 government finance by certified mail.

26 (e) A tax rate under this section is in addition to any other tax
27 rates imposed under this chapter and does not affect the purposes
28 for which other tax revenue under this chapter may be used.

29 (f) The county treasurer shall deposit the portion of the certified
30 distribution that is attributable to a tax rate under this section into
31 a separate account or fund. The county council may enter into an
32 agreement to share tax revenue attributable to a tax rate under this
33 section with any municipality, township, or other entity that
34 provides public safety services in the county. Tax revenue received
35 by a county under this section or shared with a municipality,
36 township, or other entity under this section may be appropriated
37 by the county, municipality, township, or other entity only for
38 public safety purposes.

39 (g) The department of local government finance may not
40 require a county receiving tax revenue under this section to reduce
41 the county's property tax levy for a particular year on account of
42 the county's receipt of the tax revenue.

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1 (h) The tax rate under this section and the tax revenue
 2 attributable to the tax rate under this section shall not be
 3 considered for purposes of computing:

4 (1) the maximum income tax rate that may be imposed in a
 5 county under section 2 of this chapter;

6 (2) the maximum permissible property tax levy under STEP
 7 EIGHT of IC 6-1.1-18.5-3(b); or

8 (3) the total county tax levy under IC 6-1.1-21-2(g)(3),
 9 IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

10 (i) The tax rate under this section may be imposed or rescinded
 11 at the same time and in the same manner that the county may
 12 impose or increase a tax rate under section 24 of this chapter.

13 (j) The department of local government finance and the
 14 department of state revenue may take any actions necessary to
 15 carry out the purposes of this section.

16 SECTION 71. IC 6-3.5-1.1-26 IS ADDED TO THE INDIANA
 17 CODE AS A NEW SECTION TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council that
 19 has adopted the county adjusted gross income tax under this
 20 chapter may impose an additional tax rate under this section to
 21 provide property tax relief to political subdivisions in the county.

22 (b) A tax rate under this section may be imposed at any rate (in
 23 increments of one-tenth of one percent (0.1%)) determined by the
 24 county council.

25 (c) A tax rate under this section is in addition to any other tax
 26 rates imposed under this chapter and does not affect the purposes
 27 for which other tax revenue under this chapter may be used.

28 (d) If a county council adopts an ordinance to impose or
 29 increase a tax rate under this section, the county auditor shall send
 30 a certified copy of the ordinance to the department and the
 31 department of local government finance by certified mail.

32 (e) A tax rate under this section may be imposed, increased,
 33 decreased, or rescinded by a county council at the same time and
 34 in the same manner that the county council may impose or increase
 35 a tax rate under section 24 of this chapter.

36 (f) Tax revenue attributable to a tax rate under this section may
 37 be used for any combination of the following purposes, as specified
 38 by ordinance of the county council:

39 (1) The tax revenue may be used to provide local property tax
 40 replacement credits at a uniform rate to all taxpayers in the
 41 county. Any tax revenue that is attributable to the tax rate
 42 under this section and that is used to provide local property

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1 tax replacement credits shall be distributed to civil taxing
 2 units and school corporations in the county in the same
 3 manner that certified distributions are allocated as property
 4 tax replacement credits under section 12 of this chapter. The
 5 department of local government finance shall provide each
 6 county auditor with the amount of property tax replacement
 7 credits that each civil taxing unit and school corporation in
 8 the auditor's county is entitled to receive under this section.
 9 The county auditor shall then certify to each civil taxing unit
 10 and school corporation the amount of property tax
 11 replacement credits the civil taxing unit or school corporation
 12 is entitled to receive under this section during that calendar
 13 year.

14 (2) The tax revenue may be used to uniformly increase the
 15 homestead credit percentage in the county. The additional
 16 homestead credits shall be treated for all purposes as
 17 property tax levies. The additional homestead credits do not
 18 reduce the basis for determining the state homestead credit
 19 under IC 6-1.1-20.9. The additional homestead credits shall be
 20 applied to the net property taxes due on the homestead after
 21 the application of all other assessed value deductions or
 22 property tax deductions and credits that apply to the amount
 23 owed under IC 6-1.1. The department of local government
 24 finance shall determine the additional homestead credit
 25 percentage for a particular year based on the amount of tax
 26 revenue that will be used under this subdivision to provide
 27 additional homestead credits in that year.

28 (g) The tax rate under this section and the tax revenue
 29 attributable to the tax rate under this section shall not be
 30 considered for purposes of computing:

31 (1) the maximum income tax rate that may be imposed in a
 32 county under section 2 of this chapter;

33 (2) the maximum permissible property tax levy under STEP
 34 EIGHT of IC 6-1.1-18.5-3(b); or

35 (3) the total county tax levy under IC 6-1.1-21-2(g)(3),
 36 IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

37 (h) The department of local government finance and the
 38 department of state revenue may take any actions necessary to
 39 carry out the purposes of this section.

40 SECTION 72. IC 6-3.5-1.5 IS ADDED TO THE INDIANA CODE
 41 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 42 UPON PASSAGE]:

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Chapter 1.5. Calculation of Levy Freeze Amounts

Sec. 1. (a) The department of local government finance and the department of state revenue shall, before July 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: Determine the greater of zero (0) or one-half (1/2) of the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 for the current calendar year.

STEP THREE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the children's psychiatric residential treatment services property tax levy that will be imposed by the county under IC 12-19-7.5-6 for the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) for the ensuing

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calendar year); minus

(2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus

(2) the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the current calendar year.

(b) In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and the department of state revenue shall jointly estimate the amount that will be calculated under subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and the department of state revenue shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

(c) The department and the department of local government finance shall make the calculations under subsections (a) and (b) based on the best information available at the time the calculation is made.

(d) For purposes of calculating a tax rate under this section, the department of local government shall round up to the nearest one-tenth of one percent (0.1%).

Sec. 2. The department of local government finance shall, before July 1 of each year, certify the amount calculated for a county under section 1 of this chapter to the county auditor.

Sec. 3. The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this chapter.

SECTION 73. IC 6-3.5-6-1.1, AS ADDED BY P.L.207-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the

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civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual

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amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes; to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if it had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(d) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 certify to the county auditor an adjustment to the allocation amount of a county to ensure that the county's allocation is not reduced (as a percentage of the total allocation amounts of all civil taxing units in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 74. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on ~~July~~ **October** 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective ~~July~~ **October** 1 of that same year.

(b) **Except as provided in sections 30, 31, and 32 of this chapter,** the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must, after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of the year, pass an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of

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_____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect ~~July~~ **October** 1 of this year."

(d) **Except as provided in sections 30, 31, and 32 of this chapter,** if the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding July 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 75. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on ~~January~~ **March 31** of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), ~~then~~ **excluding a tax rate imposed under section 30, 31, or 32 of this chapter,** the county income tax council of that county may after ~~January~~ **March 31** and before ~~April~~ **August 1** of that year pass an ordinance to increase its tax rate for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one tenth of one percent (0.1%) each succeeding ~~July~~ **October** 1 until its rate reaches a maximum of one percent (1%), **excluding a tax rate imposed under section 30, 31, or 32 of this chapter.**

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 76. IC 6-3.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax in its county on ~~July~~ **October** 1 of that year and the county option income tax council of the county adopts an ordinance to impose the county option income tax in the county on ~~July~~ **October** 1 of that year, the county option income tax takes effect in that county and the county adjusted

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gross income tax shall not take effect in that county.

SECTION 77. IC 6-3.5-6-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) This section does not apply to a tax rate imposed under section 30 of this chapter.**

~~(a)~~ **(b)** The county income tax council of any county may adopt an ordinance to permanently freeze the county option income tax rates at the rate in effect for its county on ~~January 1~~ **March 31** of a year.

~~(b)~~ **(c)** To freeze the county option income tax rates, a county income tax council must, after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on ~~January 1~~ **March 31** of the current year."

~~(c)~~ **(d)** An ordinance adopted under the authority of this section remains in effect until rescinded. The county income tax council may rescind such an ordinance after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of any calendar year. Such an ordinance shall take effect ~~July 1~~ **October 1** of that same calendar year.

~~(d)~~ **(e)** If a county income tax council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.01%) until:

(1) the tax rate is again frozen under another ordinance adopted under this section; or

(2) the tax rate equals six tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six tenths of one percent (0.6%)).

~~(e)~~ **(f)** The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 78. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in

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the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 79. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after ~~January 1~~ **March 31** but before ~~April~~ **August** 1 of a year. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (____ %) to _____ percent (____ %). This ordinance takes effect ~~July~~ **October** 1 of this year."

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect ~~July~~ **October** 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

SECTION 80. IC 6-3.5-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2.

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(b) A county income tax council may not increase the percentage credit allowed for homesteads by an amount that exceeds the amount determined in the last STEP of the following formula:

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g)) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 81. IC 6-3.5-6-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the

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1 county option income tax imposed by a particular county, the taxpayer's
 2 county option income tax rate for that county and that taxable year is
 3 the rate determined in the last STEP of the following STEPS:

4 STEP ONE: Multiply the number of months in the taxpayer's
 5 taxable year that precede ~~July~~ **October** 1 by the rate in effect
 6 before the rate change.

7 STEP TWO: Multiply the number of months in the taxpayer's
 8 taxable year that follow ~~June~~ **September** 30 by the rate in effect
 9 after the rate change.

10 STEP THREE: Divide the sum of the amounts determined under
 11 STEPS ONE and TWO by twelve (12).

12 SECTION 82. IC 6-3.5-6-17, AS AMENDED BY P.L.207-2005,
 13 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition
 15 of the county option income tax shall, in the manner prescribed by this
 16 section, be distributed to the county that imposed it. The amount that
 17 is to be distributed to a county during an ensuing calendar year equals
 18 the amount of county option income tax revenue that the department,
 19 after reviewing the recommendation of the budget agency, determines
 20 has been:

21 (1) received from that county for a taxable year ending in a
 22 calendar year preceding the calendar year in which the
 23 determination is made; and

24 (2) reported on an annual return or amended return processed by
 25 the department in the state fiscal year ending before July 1 of the
 26 calendar year in which the determination is made;

27 as adjusted (as determined after review of the recommendation of the
 28 budget agency) for refunds of county option income tax made in the
 29 state fiscal year.

30 (b) Before August 2 of each calendar year, the department, after
 31 reviewing the recommendation of the budget agency, shall certify to the
 32 county auditor of each adopting county the amount determined under
 33 subsection (a) plus the amount of interest in the county's account that
 34 has accrued and has not been included in a certification made in a
 35 preceding year. The amount certified is the county's "certified
 36 distribution" for the immediately succeeding calendar year. The amount
 37 certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~
 38 (e), **and (f)**. The department shall provide with the certification an
 39 informative summary of the calculations used to determine the certified
 40 distribution. **The department shall also certify information**
 41 **concerning the part of the certified distribution that is attributable**
 42 **to a tax rate under section 30, 31, or 32 of this chapter. This**

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1 **information must be certified to the county auditor and to the**
 2 **department of local government finance not later than September**
 3 **1 of each calendar year. The part of the certified distribution that**
 4 **is attributable to a tax rate under section 30, 31, or 32 of this**
 5 **chapter may be used only as specified in those provisions.**

6 (c) The department shall certify an amount less than the amount
 7 determined under subsection (b) if the department, after reviewing the
 8 recommendation of the budget agency, determines that the reduced
 9 distribution is necessary to offset overpayments made in a calendar
 10 year before the calendar year of the distribution. The department, after
 11 reviewing the recommendation of the budget agency, may reduce the
 12 amount of the certified distribution over several calendar years so that
 13 any overpayments are offset over several years rather than in one (1)
 14 lump sum.

15 (d) The department, after reviewing the recommendation of the
 16 budget agency, shall adjust the certified distribution of a county to
 17 correct for any clerical or mathematical errors made in any previous
 18 certification under this section. The department, after reviewing the
 19 recommendation of the budget agency, may reduce the amount of the
 20 certified distribution over several calendar years so that any adjustment
 21 under this subsection is offset over several years rather than in one (1)
 22 lump sum.

23 (e) This subsection applies to a county that:

24 (1) initially imposed the county option income tax; or

25 (2) increases the county option income tax rate;

26 under this chapter in the same calendar year in which the department
 27 makes a certification under this section. The department, after
 28 reviewing the recommendation of the budget agency, shall adjust the
 29 certified distribution of a county to provide for a distribution in the
 30 immediately following calendar year and in each calendar year
 31 thereafter. The department shall provide for a full transition to
 32 certification of distributions as provided in subsection (a)(1) through
 33 (a)(2) in the manner provided in subsection (c).

34 **(f) This subsection applies in the year a county initially imposes**
 35 **a tax rate under section 30 of this chapter. Notwithstanding any**
 36 **other provision, the department shall adjust the part of the**
 37 **county's certified distribution that is attributable to the tax rate**
 38 **under section 30 of this chapter to provide for a distribution in the**
 39 **immediately following calendar year equal to the result of:**

40 (1) the sum of the amounts determined under STEP ONE
 41 through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which
 42 the county initially imposes a tax rate under section 30 of this

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chapter; multiplied by

(2) two (2).

(f) (g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) (h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) (i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 83. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006, SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i);
- (6) make distributions of distributive shares to the civil taxing units of a county; and
- (7) make the distributions permitted under ~~section~~ sections 27, 28, and 29, 30, 31, 32, and 33 of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

- (1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5,

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1 IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified
2 distribution for that same calendar year; and

3 (2) the amount of an additional tax rate imposed under section 27,
4 28, ~~or~~ 29, **30, 31, 32, or 33** of this chapter.

5 The county auditor shall distribute amounts retained under this
6 subsection to the county.

7 (d) All certified distribution revenues that are not retained and
8 distributed under subsections (b) and (c) shall be distributed to the civil
9 taxing units of the county as distributive shares.

10 (e) The amount of distributive shares that each civil taxing unit in
11 a county is entitled to receive during a month equals the product of the
12 following:

13 (1) The amount of revenue that is to be distributed as distributive
14 shares during that month; multiplied by

15 (2) A fraction. The numerator of the fraction equals the allocation
16 amount for the civil taxing unit for the calendar year in which the
17 month falls. The denominator of the fraction equals the sum of the
18 allocation amounts of all the civil taxing units of the county for
19 the calendar year in which the month falls.

20 (f) The department of local government finance shall provide each
21 county auditor with the fractional amount of distributive shares that
22 each civil taxing unit in the auditor's county is entitled to receive
23 monthly under this section.

24 (g) Notwithstanding subsection (e), if a civil taxing unit of an
25 adopting county does not impose a property tax levy that is first due
26 and payable in a calendar year in which distributive shares are being
27 distributed under this section, that civil taxing unit is entitled to receive
28 a part of the revenue to be distributed as distributive shares under this
29 section within the county. The fractional amount such a civil taxing
30 unit is entitled to receive each month during that calendar year equals
31 the product of the following:

32 (1) The amount to be distributed as distributive shares during that
33 month; multiplied by

34 (2) A fraction. The numerator of the fraction equals the budget of
35 that civil taxing unit for that calendar year. The denominator of
36 the fraction equals the aggregate budgets of all civil taxing units
37 of that county for that calendar year.

38 (h) If for a calendar year a civil taxing unit is allocated a part of a
39 county's distributive shares by subsection (g), then the formula used in
40 subsection (e) to determine all other civil taxing units' distributive
41 shares shall be changed each month for that same year by reducing the
42 amount to be distributed as distributive shares under subsection (e) by

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the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 84. IC 6-3.5-6-28, AS ADDED BY P.L.214-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose the county option income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

- (1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a jail, a juvenile detention center, or both; and
- (2) agreeing to freeze the part of any property tax levy imposed in the county for the operation of the jail or juvenile detention center, or both, covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section for the term in which an ordinance is in effect under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c).

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Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue. An ordinance adopted under this section before ~~April~~ **August** 1 in a year applies to the imposition of county income taxes after ~~June~~ **September** 30 in that year. An ordinance adopted under this section after ~~March~~ **July** 31 of a year initially applies to the imposition of county option income taxes after ~~June~~ **September** 30 of the immediately following year.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section; and
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement under subsection (d)(2).

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 85. IC 6-3.5-6-29, AS ADDED BY P.L.162-2006, SECTION 32, AND AS ADDED BY P.L.184-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

- (1) maintaining low property tax rates is essential to economic development; and
- (2) the use of additional county option income tax revenues as

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provided in this section, rather than the use of property taxes, to fund:

(A) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(B) the repayment of bonds issued or leases entered into for the purposes described in clause (A), except operation or maintenance;

promotes the purpose of maintaining low property tax rates.

(b) The county fiscal body may impose the county option income tax on the adjusted gross income of resident county taxpayers at a rate, in addition to the rates permitted by sections 8 and 9 of this chapter, not to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) To impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance finding and determining that additional revenues from the county option income tax are needed in the county to fund:

(1) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(2) the repayment of bonds issued or leases entered into for the purposes described in subdivision (1), except operation or maintenance.

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department. An ordinance adopted under this section before June 1, 2006, or ~~April~~ **August 1** in a subsequent year applies to the imposition of county income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** in that year. An ordinance adopted under this section after May 31, 2006, ~~and or March~~ **July 31** of a subsequent year initially applies to the imposition of county option income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an**

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1 **ordinance adopted in 2007 or thereafter)** of the immediately
2 following year.

3 (e) If the county imposes an additional tax rate under this section,
4 the county treasurer shall establish a county jail revenue fund to be
5 used only for the purposes described in this section. County option
6 income tax revenues derived from the tax rate imposed under this
7 section shall be deposited in the county jail revenue fund before
8 making a certified distribution under section 18 of this chapter.

9 (f) County option income tax revenues derived from an additional
10 tax rate imposed under this section:

- 11 (1) may be used only for the purposes described in this section;
- 12 (2) may not be considered by the department of local government
- 13 finance in determining the county's maximum permissible
- 14 property tax levy limit under IC 6-1.1-18.5; and
- 15 (3) may be pledged for the repayment of bonds issued or leases
- 16 entered into to fund the purposes described in subsection (c)(1),
- 17 except operation or maintenance.

18 (g) If the county imposes an additional tax rate under this section,
19 the department, after reviewing the recommendation of the budget
20 agency, shall adjust the certified distribution of the county to provide
21 for an increased distribution of taxes in the immediately following
22 calendar year after the county adopts the increased tax rate and in each
23 calendar year thereafter. The department shall provide for a full
24 transition to certification of distributions as provided in section
25 17(a)(1) through 17(a)(2) of this chapter in the manner provided in
26 section 17(c) of this chapter.

27 SECTION 86. IC 6-3.5-6-26 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A pledge of
29 county option income tax revenues under this chapter (**other than**
30 **revenues attributable to a tax rate imposed under section 30, 31, or**
31 **32 of this chapter**) is enforceable in accordance with IC 5-1-14.

32 (b) With respect to obligations for which a pledge has been made
33 under this chapter, the general assembly covenants with the county and
34 the purchasers or owners of those obligations that this chapter will not
35 be repealed or amended in any manner that will adversely affect the tax
36 collected under this chapter as long as the principal of or interest on
37 those obligations is unpaid.

38 SECTION 87. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE
39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
40 UPON PASSAGE]: Sec. 30. (a) **In a county in which the county**
41 **option income tax is in effect, the county income tax council may,**
42 **before August 1 of a year, adopt an ordinance to impose or**

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- 1 increase (as applicable) a tax rate under this section.
- 2 (b) In a county in which neither the county option adjusted
- 3 gross income tax nor the county option income tax is in effect, the
- 4 county income tax council may, before August 1 of a year, adopt an
- 5 ordinance to impose a tax rate under this section.
- 6 (c) An ordinance adopted under this section takes effect October
- 7 1 of the year in which the ordinance is adopted. If a county income
- 8 tax council adopts an ordinance to impose or increase a tax rate
- 9 under this section, the county auditor shall send a certified copy of
- 10 the ordinance to the department and the department of local
- 11 government finance by certified mail.
- 12 (d) A tax rate under this section is in addition to any other tax
- 13 rates imposed under this chapter and does not affect the purposes
- 14 for which other tax revenue under this chapter may be used.
- 15 (e) The following apply only in the year in which a county
- 16 income tax council first imposes a tax rate under this section.
- 17 (1) The county income tax council shall, in the ordinance
- 18 imposing the tax rate, specify the tax rate for each of the
- 19 following two (2) years.
- 20 (2) The tax rate that must be imposed in the county from
- 21 October 1 of the year in which the tax rate is imposed through
- 22 September 30 of the following year is equal to the result of:
- 23 (A) the tax rate determined for the county under
- 24 IC 6-3.5-1.5-1(a) in that year; multiplied by
- 25 (B) two (2).
- 26 (3) The tax rate that must be imposed in the county from
- 27 October 1 of the following year through September 30 of the
- 28 year after the following year is the tax rate determined for the
- 29 county under IC 6-3.5-1.5-1(b). The tax rate under this
- 30 subdivision continues in effect in later years unless the tax
- 31 rate is increased under this section.
- 32 (4) The levy limitations in IC 6-1.1-18.5-3(g),
- 33 IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and
- 34 IC 12-29-2-2(c) apply to property taxes first due and payable
- 35 in the ensuing calendar year.
- 36 (f) The following apply only in a year in which a county income
- 37 tax council increases a tax rate under this section.
- 38 (1) The county income tax council shall, in the ordinance
- 39 increasing the tax rate, specify the tax rate for the following
- 40 year.
- 41 (2) The tax rate that must be imposed in the county from
- 42 October 1 of the year in which the tax rate is increased

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through September 30 of the following year is equal to the result of:

- (A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus
- (B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this subsection.

STEP THREE: For distribution to the county for deposit in the county family and children's fund, determine the quotient of:

(1) the amount determined under STEP TWO of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(2) the STEP ONE amount.

STEP FOUR: For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the quotient of:

(1) the amount determined under STEP THREE of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(2) the STEP ONE amount.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the quotient of:

(1) the amount determined under STEP FOUR of

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1 IC 6-3.5-1.5-1(a) in the preceding year; divided by

2 (2) the STEP ONE amount.

3 Except as provided in subsection (m), the county treasurer shall
4 distribute the portion of the certified distribution that is
5 attributable to a tax rate under this section as specified in this
6 section. The county treasurer shall make the distributions under
7 this subsection at the same time that distributions are made to civil
8 taxing units under section 18 of this chapter.

9 (h) Notwithstanding sections 12 and 12.5 of this chapter, a
10 county income tax council may not decrease or rescind a tax rate
11 imposed under this chapter.

12 (i) The tax rate under this section shall not be considered for
13 purposes of computing:

14 (1) the maximum income tax rate that may be imposed in a
15 county under section 8 of this chapter; or

16 (2) the maximum permissible property tax levy under STEP
17 EIGHT of IC 6-1.1-18.5-3(b).

18 (j) The tax levy under this section shall not be considered for
19 purposes of computing the total county tax levy under
20 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

21 (k) A distribution under this section shall be treated as a part of
22 the receiving civil taxing unit's or school corporation's property
23 tax levy for that year for purposes of fixing its budget and for
24 determining the distribution of excise taxes that are distributed on
25 the basis of property tax levies.

26 (l) If a county income tax council imposes a tax rate under this
27 section, the county option income tax rate dedicated to locally
28 funded homestead credits in the county may not be decreased.

29 (m) In the year following the year in which a county first
30 imposes a tax rate under this section, one-half (1/2) of the tax
31 revenue that is attributable to the tax rate under this section must
32 be deposited in the county stabilization fund established under
33 subsection (o).

34 (n) A pledge of county option income taxes does not apply to
35 revenue attributable to a tax rate under this section.

36 (o) A county stabilization fund is established in each county that
37 imposes a tax rate under this section. The county stabilization fund
38 shall be administered by the county auditor. If for a year the
39 certified distributions attributable to a tax rate under this section
40 exceed the amount calculated under STEP ONE through STEP
41 FOUR of IC 6-3.5-1.5-1 that is used by the department of local
42 government finance and the department of state revenue to

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determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

(p) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 88. IC 6-3.5-6-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:

(A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);

(B) convicted of a crime; or

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- 1 (C) adjudicated as a delinquent child or a child in need of
2 services.
- 3 (8) A juvenile detention facility under IC 31-31-8.
- 4 (9) A juvenile detention center under IC 31-31-9.
- 5 (10) A county jail.
- 6 (11) A communications system (as defined in IC 36-8-15-3) or
7 an enhanced emergency telephone system (as defined in
8 IC 36-8-16-2).
- 9 (12) Pension payments for any of the following:
- 10 (A) A member of the fire department (as defined in
11 IC 36-8-1-8) or any other employee of a fire department.
- 12 (B) A member of the police department (as defined in
13 IC 36-8-1-9), a police chief hired under a waiver under
14 IC 36-8-4-6.5, or any other employee hired by a police
15 department.
- 16 (C) A county sheriff or any other member of the office of
17 the county sheriff.
- 18 (D) Other personnel employed to provide a service
19 described in this section.
- 20 (b) If a county income tax council has imposed a tax rate under
21 section 30 of this chapter, the county income tax council may also
22 adopt an ordinance to impose an additional tax rate under this
23 section to provide funding for public safety.
- 24 (c) A tax rate under this section may be imposed only at a rate
25 of five-hundredths of one percent (0.05%).
- 26 (d) If a county income tax council adopts an ordinance to impose
27 a tax rate under this section, the county auditor shall send a
28 certified copy of the ordinance to the department and the
29 department of local government finance by certified mail.
- 30 (e) A tax rate under this section is in addition to any other tax
31 rates imposed under this chapter and does not affect the purposes
32 for which other tax revenue under this chapter may be used.
- 33 (f) The county treasurer shall deposit the portion of the certified
34 distribution that is attributable to a tax rate under this section into
35 a separate account or fund. The county income tax council may
36 enter into an agreement to share tax revenue attributable to a tax
37 rate under this section with any municipality, township, or other
38 entity that provides public safety services in the county. Tax
39 revenue received by a county under this section or shared with a
40 municipality, township, or other entity under this section may be
41 appropriated by the county, municipality, township, or other entity
42 only for public safety purposes.

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(g) The department of local government finance may not require a county receiving tax revenue under this section to reduce the county's property tax levy for a particular year on account of the county's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 89. IC 6-3.5-6-32 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 32. (a) A county income tax council that has adopted the county option income tax under this chapter may impose an additional tax rate under this section to provide property tax relief to political subdivisions in the county.**

(b) A tax rate under this section may be imposed at any rate (in increments of one-tenth of one percent (0.1%)) determined by the county income tax council.

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

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(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to civil taxing units and school corporations in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this section. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this section during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide

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1 additional homestead credits in that year.

2 (g) The tax rate under this section shall not be considered for
3 purposes of computing:

4 (1) the maximum income tax rate that may be imposed in a
5 county under section 8 of this chapter; or

6 (2) the maximum permissible property tax levy under STEP
7 EIGHT of IC 6-1.1-18.5-3(b).

8 (h) The tax levy under this section shall not be considered for
9 purposes of computing the total county tax levy under
10 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

11 (i) The department of local government finance and the
12 department of state revenue may take any actions necessary to
13 carry out the purposes of this section.

14 SECTION 90. IC 6-3.5-6-33 IS ADDED TO THE INDIANA CODE
15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
16 UPON PASSAGE]: Sec. 33. (a) This section applies only to Monroe
17 County.

18 (b) Maintaining low property tax rates is essential to economic
19 development, and the use of county option income tax revenues as
20 provided in this chapter and as needed in the county to fund the
21 operation and maintenance of a juvenile detention center and other
22 facilities to provide juvenile services, rather than the use of
23 property taxes, promotes that purpose.

24 (c) In addition to the rates permitted by sections 8 and 9 of this
25 chapter, the county fiscal body may impose an additional county
26 option income tax at a rate of not more than twenty-five
27 hundredths percent (0.25%) on the adjusted gross income of
28 resident county taxpayers if the county fiscal body makes the
29 finding and determination set forth in subsection (d). Section 8(e)
30 of this chapter applies to the application of the additional rate to
31 nonresident taxpayers.

32 (d) In order to impose the county option income tax as provided
33 in this section, the county fiscal body must adopt an ordinance:

34 (1) finding and determining that revenues from the county
35 option income tax are needed in the county to fund the
36 operation and maintenance of a juvenile detention center and
37 other facilities necessary to provide juvenile services; and

38 (2) agreeing to freeze for the term in which an ordinance is in
39 effect under this section the part of any property tax levy
40 imposed in the county for the operation of the juvenile
41 detention center and other facilities covered by the ordinance
42 at the rate imposed in the year preceding the year in which a

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1 full year of additional county option income tax is certified for
2 distribution to the county under this section.

3 (e) If the county fiscal body makes a determination under
4 subsection (d), the county fiscal body may adopt a tax rate under
5 subsection (c). Subject to the limitations in subsection (c), the
6 county fiscal body may amend an ordinance adopted under this
7 section to increase, decrease, or rescind the additional tax rate
8 imposed under this section. As soon as practicable after the
9 adoption of an ordinance under this section, the county fiscal body
10 shall send a certified copy of the ordinance to the county auditor,
11 the department of local government finance, and the department
12 of state revenue. An ordinance adopted under this section before
13 April 1 in a year applies to the imposition of county income taxes
14 after June 30 in that year. An ordinance adopted under this section
15 after March 31 of a year initially applies to the imposition of
16 county option income taxes after June 30 of the immediately
17 following year.

18 (f) The county treasurer shall establish a county juvenile
19 detention center revenue fund to be used only for the purposes
20 described in this section. County option income tax revenues
21 derived from the tax rate imposed under this section shall be
22 deposited in the county juvenile detention center revenue fund
23 before a certified distribution is made under section 18 of this
24 chapter.

25 (g) County option income tax revenues derived from the tax rate
26 imposed under this section:

- 27 (1) may be used only for the purposes described in this
- 28 section; and
- 29 (2) may not be considered by the department of local
- 30 government finance in determining the county's maximum
- 31 permissible property tax levy limit under IC 6-1.1-18.5.

32 (h) The department of local government finance shall enforce an
33 agreement made under subsection (d)(2).

34 (i) The department, after reviewing the recommendation of the
35 budget agency, shall adjust the certified distribution of a county to
36 provide for an increased distribution of taxes in the immediately
37 following calendar year after the county adopts an increased tax
38 rate under this section and in each calendar year thereafter. The
39 department shall provide for a full transition to certification of
40 distributions as provided in section 17(a)(1) through 17(a)(2) of this
41 chapter in the manner provided in section 17(c) of this chapter.

42 SECTION 91. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006,

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SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8,
IS CORRECTED AND AMENDED TO READ AS FOLLOWS
[EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
subsection (c), the county economic development income tax may be
imposed on the adjusted gross income of county taxpayers. The entity
that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if
the county option income tax is in effect on ~~January~~ **March 31**
of the year the county economic development income tax is
imposed;
- (2) the county council if the county adjusted gross income tax is
in effect on ~~January~~ **March 31** of the year the county economic
development tax is imposed; or
- (3) the county income tax council or the county council,
whichever acts first, for a county not covered by subdivision (1)
or (2).

To impose the county economic development income tax, a county
income tax council shall use the procedures set forth in IC 6-3.5-6
concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r), the
county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
(p), ~~or~~ (s), ~~or~~ (v), **(w), or (x)**, the county economic development
income tax rate plus the county adjusted gross income tax rate, if any,
that are in effect on January 1 of a year may not exceed one and
twenty-five hundredths percent (1.25%). Except as provided in
subsection (g), (p), (r), (t), ~~or~~ (u), **(w), or (x)**, the county economic
development tax rate plus the county option income tax rate, if any, that
are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic
development income tax, the appropriate body must, after ~~January~~ **March 31**
but before ~~April~~ **August** 1 of a year, adopt an ordinance.
The ordinance to impose the tax must substantially state the following:

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"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect ~~July~~ **October** 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic

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development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

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(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at

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1 a rate of twenty-five hundredths percent (0.25%); and
 2 (2) county economic development income tax rate plus the county
 3 option income tax rate that are in effect on January 1 of a year
 4 may equal up to one and twenty-five hundredths percent (1.25%);
 5 if the county council makes a determination to impose rates under this
 6 subsection and section 27 of this chapter.

7 (s) Except as provided in subsection (p), the county economic
 8 development income tax rate plus the county adjusted gross income tax
 9 rate that are in effect on January 1 of a year may not exceed one and
 10 five-tenths percent (1.5%) if the county has imposed the county
 11 adjusted gross income tax under IC 6-3.5-1.1-3.3.

12 (t) This subsection applies to Howard County. Except as provided
 13 in subsection (p), the sum of the county economic development income
 14 tax rate and the county option income tax rate that are in effect on
 15 January 1 of a year may not exceed one and twenty-five hundredths
 16 percent (1.25%).

17 (u) This subsection applies to Scott County. Except as provided in
 18 subsection (p), the sum of the county economic development income
 19 tax rate and the county option income tax rate that are in effect on
 20 January 1 of a year may not exceed one and twenty-five hundredths
 21 percent (1.25%).

22 (v) *This subsection applies to Jasper County. Except as provided in*
 23 *subsection (p), the sum of the county economic development income tax*
 24 *rate and the county adjusted gross income tax rate that are in effect on*
 25 *January 1 of a year may not exceed one and five-tenths percent (1.5%).*

26 **(w) The income tax rate limits imposed by subsection (c) do not**
 27 **apply to:**

28 **(1) a county adjusted gross income tax rate imposed under**
 29 **IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or**

30 **(2) a county option income tax rate imposed under**
 31 **IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.**

32 **For purposes of computing the maximum combined income tax**
 33 **rate under subsection (c) that may be imposed in a county under**
 34 **IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county**
 35 **adjusted gross income tax rate or county option income tax rate for**
 36 **a particular year does not include the county adjusted gross**
 37 **income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or**
 38 **IC 6-3.5-1.1-26 or the county option income tax rate imposed under**
 39 **IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.**

40 (x) This subsection applies to Monroe County. Except as
 41 provided in subsection (p), if an ordinance is adopted under
 42 IC 6-3.5-6-33, the sum of the county economic development income

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1 **tax rate and the county option income tax rate that are in effect on**
 2 **January 1 of a year may not exceed one and twenty-five**
 3 **hundredths percent (1.25%).**

4 SECTION 92. IC 6-3.5-7-6 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The body
 6 imposing the tax may decrease or increase the county economic
 7 development income tax rate imposed upon the county taxpayers as
 8 long as the resulting rate does not exceed the rates specified in section
 9 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this
 10 section must be adopted at one (1) of the rates specified in section 5(b)
 11 of this chapter. To decrease or increase the rate, the appropriate body
 12 must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year,
 13 adopt an ordinance. The ordinance must substantially state the
 14 following:

15 "The _____ County _____ increases (decreases) the
 16 county economic development income tax rate imposed upon the
 17 county taxpayers of the county from _____ percent (____%) to
 18 _____ percent (____%). This tax rate increase (decrease) takes
 19 effect ~~July~~ **October 1** of this year."

20 (b) Any ordinance adopted under this section takes effect ~~July~~
 21 **October 1** of the year the ordinance is adopted.

22 (c) The auditor of a county shall record all votes taken on
 23 ordinances presented for a vote under the authority of this section and
 24 immediately send a certified copy of the results to the department by
 25 certified mail.

26 SECTION 93. IC 6-3.5-7-7 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The county
 28 economic development income tax imposed under this chapter remains
 29 in effect until rescinded.

30 (b) Subject to section 14 of this chapter, the body imposing the
 31 county economic development income tax may rescind the tax by
 32 adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but
 33 before ~~April~~ **August 1** of a year.

34 (c) Any ordinance adopted under this section takes effect ~~July~~
 35 **October 1** of the year the ordinance is adopted.

36 (d) The auditor of a county shall record all votes taken on
 37 ordinances presented for a vote under the authority of this section and
 38 immediately send a certified copy of the results to the department by
 39 certified mail.

40 SECTION 94. IC 6-3.5-7-12 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as
 42 provided in sections 23, 25, 26, and 27 of this chapter, the county

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auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c), ~~and~~ (h), **and (i)** and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population

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- 1 of the part of the county that is not located in a city or town.
- 2 (3) The ordinance may be made irrevocable for the duration of
- 3 specified lease rental or debt service payments.
- 4 (d) The body imposing the tax may not adopt an ordinance under
- 5 subsection (c) if, before the adoption of the proposed ordinance, any of
- 6 the following have pledged the county economic development income
- 7 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 8 (1) The county.
- 9 (2) A city or town in the county.
- 10 (3) A commission, a board, a department, or an authority that is
- 11 authorized by statute to pledge the county economic development
- 12 income tax.
- 13 (e) The department of local government finance shall provide each
- 14 county auditor with the fractional amount of the certified distribution
- 15 that the county and each city or town in the county is entitled to receive
- 16 under this section.
- 17 (f) Money received by a county, city, or town under this section
- 18 shall be deposited in the unit's economic development income tax fund.
- 19 (g) Except as provided in subsection (b)(2)(B), in determining the
- 20 fractional amount of the certified distribution the county and its cities
- 21 and towns are entitled to receive under subsection (b) during a calendar
- 22 year, the department of local government finance shall consider only
- 23 property taxes imposed on tangible property subject to assessment in
- 24 that county.
- 25 (h) In a county having a consolidated city, only the consolidated city
- 26 is entitled to the certified distribution, subject to the requirements of
- 27 sections 15, 25, and 26 of this chapter.
- 28 **(i) Notwithstanding any other provision of this section, the**
- 29 **department of local government finance shall for each year after**
- 30 **2007 certify to the county auditor an adjustment to the amount of**
- 31 **the certified distribution that the county is entitled to receive**
- 32 **during May and November of each year to ensure that the county's**
- 33 **amount is not reduced (as a percentage of the total amounts**
- 34 **distributed to the county and cities and towns in the county)**
- 35 **because of the reduction or elimination of the county family and**
- 36 **children's fund property tax levy under IC 12-19-7-4(b) through**
- 37 **IC 12-19-7-4(f).**
- 38 SECTION 95. IC 6-5.5-8-2 IS AMENDED TO READ AS
- 39 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) On or before
- 40 February 1, May 1, August 1, and December 1 of each year the auditor
- 41 of state shall transfer to each county auditor for distribution to the
- 42 taxing units (as defined in IC 6-1.1-1-21) in the county, an amount

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1 equal to one-fourth (1/4) of the sum of the guaranteed amounts for all
2 the taxing units of the county. On or before August 1 of each year the
3 auditor of state shall transfer to each county auditor the supplemental
4 distribution for the county for the year.

5 (b) For purposes of determining distributions under subsection (c),
6 the department of local government finance shall determine a state
7 welfare allocation for each county calculated as follows:

8 (1) For 2000 and each year thereafter, the state welfare allocation
9 for each county equals the greater of zero (0) or the amount
10 determined under the following formula:

11 STEP ONE: For 1997, 1998, and 1999, determine the result
12 of:

13 (A) the amounts appropriated by the county in the year for
14 the county's county welfare fund and county welfare
15 administration fund; divided by

16 (B) the amounts appropriated by all the taxing units in the
17 county in the year.

18 STEP TWO: Determine the sum of the results determined in
19 STEP ONE.

20 STEP THREE: Divide the STEP TWO result by three (3).

21 STEP FOUR: Determine the amount that would otherwise be
22 distributed to all the taxing units in the county under
23 subsection (b) without regard to this subdivision.

24 STEP FIVE: Determine the result of:

25 (A) the STEP FOUR amount; multiplied by

26 (B) the STEP THREE result.

27 (2) The state welfare allocation shall be deducted from the
28 distributions otherwise payable under subsection (c) to the taxing
29 unit that is a county and shall be deposited in a special account
30 within the state general fund.

31 (c) A taxing unit's guaranteed distribution for a year is the greater
32 of zero (0) or an amount equal to:

33 (1) the amount received by the taxing unit under IC 6-5-10
34 (repealed) and IC 6-5-11 (repealed) in 1989; minus

35 (2) the amount to be received by the taxing unit in the year of the
36 distribution, as determined by the department of local government
37 finance, from property taxes attributable to the personal property
38 of banks, exclusive of the property taxes attributable to personal
39 property leased by banks as the lessor where the possession of the
40 personal property is transferred to the lessee; minus

41 (3) in the case of a taxing unit that is a county, the amount that
42 would have been received by the taxing unit in the year of the

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1 distribution, as determined by the department of local government
2 finance from property taxes that:

3 (A) were calculated for the county's county welfare fund and
4 county welfare administration fund for 2000 but were not
5 imposed because of the repeal of IC 12-19-3 and IC 12-19-4;
6 and

7 (B) would have been attributable to the personal property of
8 banks, exclusive of the property taxes attributable to personal
9 property leased by banks as the lessor where the possession of
10 the personal property is transferred to the lessee.

11 (d) The amount of the supplemental distribution for a county for a
12 year shall be determined using the following formula:

13 STEP ONE: Determine the greater of zero (0) or the difference
14 between:

15 (A) one-half (1/2) of the taxes that the department estimates
16 will be paid under this article during the year; minus

17 (B) the sum of all the guaranteed distributions, before the
18 subtraction of all state welfare allocations under subsection
19 (a), for all taxing units in all counties plus the bank personal
20 property taxes to be received by all taxing units in all counties,
21 as determined under subsection (c)(2) for the year.

22 STEP TWO: Determine the quotient of:

23 (A) the amount received under IC 6-5-10 (repealed) and
24 IC 6-5-11 (repealed) in 1989 by all taxing units in the county;
25 divided by

26 (B) the sum of the amounts received under IC 6-5-10
27 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units
28 in all counties.

29 STEP THREE: Determine the product of:

30 (A) the amount determined in STEP ONE; multiplied by

31 (B) the amount determined in STEP TWO.

32 STEP FOUR: Determine the greater of zero (0) or the difference
33 between:

34 (A) the amount of supplemental distribution determined in
35 STEP THREE for the county; minus

36 (B) the amount of refunds granted under IC 6-5-10-7
37 (repealed) that have yet to be reimbursed to the state by the
38 county treasurer under IC 6-5-10-13 (repealed).

39 For the supplemental distribution made on or before August 1 of each
40 year, the department shall adjust the amount of each county's
41 supplemental distribution to reflect the actual taxes paid under this
42 article for the preceding year.

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(e) Except as provided in subsection (g), the amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

(A) the amount received by the taxing unit under IC 6-5-10 (repealed) and IC 6-5-11 (repealed) in 1989; divided by

(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.

STEP TWO: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the supplemental distribution for the county, as determined in subsection (d), STEP FOUR.

(f) The county auditor shall distribute the guaranteed and supplemental distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

(g) The amount of a supplemental distribution paid to a taxing unit that is a county shall be reduced by an amount equal to:

(1) the amount the county would receive under subsection (e) without regard to this subsection; minus

(2) an amount equal to:

(A) the amount under subdivision (1); multiplied by

(B) the result of the following:

(i) Determine the amounts appropriated by the county in 1997, 1998, and 1999, from the county's county welfare fund and county welfare administration fund, divided by the total amounts appropriated by all the taxing units in the county in the year.

(ii) Divide the amount determined in item (i) by three (3).

(h) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:

(1) Certify to the county auditor an adjustment to the amount of the guaranteed distribution and supplemental distribution that each school corporation in the county is entitled to receive under this section to ensure that the school corporation's guaranteed distribution and supplemental distribution amount is not reduced (as a percentage of the total guaranteed distributions and supplemental distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

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(2) Certify to the county auditor an adjustment to the amount of the guaranteed distribution and supplemental distribution that the county is entitled to receive under this section to ensure that the county's guaranteed distribution and supplemental distribution amount is not reduced (as a percentage of the total guaranteed distributions and supplemental distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 96. IC 6-3.5-7-25, AS AMENDED BY P.L.199-2005, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;

(2) must specify the calendar years to which the ordinance applies; and

(3) must specify that the certified distribution must be used to provide for:

(A) uniformly applied increased homestead credits as provided in subsection (f); or

(B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the

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purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (i); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and
- (2) an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's

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certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

- (1) an ordinance under subsection (c); and
- (2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.

SECTION 97. IC 6-3.5-7-26, AS AMENDED BY P.L.162-2006, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies only to homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

- (1) "Adopt" includes amend.
- (2) "Adopting entity" means:
 - (A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or
 - (B) any other entity that may impose a county economic development income tax under section 5 of this chapter.
- (3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9.
- (4) "Residential" refers to the following:
 - (A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9.
 - (B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

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(i) residential property; or

(ii) commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1, 2006, and before June 1, 2006, or, in a year following 2006, after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

(A) Uniformly applied increased homestead credits as provided in subsection (f).

(B) Uniformly applied increased residential credits as provided in subsection (g).

(C) Allocated increased homestead credits as provided in subsection (i).

(D) Allocated increased residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (k); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county

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1 under IC 6-1.1-20.9 for a year; or

2 (2) if the ordinance grants a credit described in subsection
3 (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed
4 in the county under IC 6-1.1-21-5 for a year for the residential
5 property;

6 to offset the effect on homesteads or residential property, as applicable,
7 in the county resulting from the statewide deduction for inventory
8 under IC 6-1.1-12-42. The amount of an additional residential property
9 tax replacement credit granted under this section may not be
10 considered in computing the amount of any homestead credit to which
11 the residential property may be entitled under IC 6-1.1-20.9 or another
12 law other than IC 6-1.1-20.6.

13 (f) If the imposing entity specifies the application of uniform
14 increased homestead credits under subsection (c)(2)(A), the county
15 auditor shall, for each calendar year in which an increased homestead
16 credit percentage is authorized under this section, determine:

17 (1) the amount of the certified distribution that is available to
18 provide an increased homestead credit percentage for the year;

19 (2) the amount of uniformly applied homestead credits for the
20 year in the county that equals the amount determined under
21 subdivision (1); and

22 (3) the increased percentage of homestead credit that equates to
23 the amount of homestead credits determined under subdivision
24 (2).

25 (g) If the imposing entity specifies the application of uniform
26 increased residential credits under subsection (c)(2)(B), the county
27 auditor shall determine for each calendar year in which an increased
28 homestead credit percentage is authorized under this section:

29 (1) the amount of the certified distribution that is available to
30 provide an increased residential property tax replacement credit
31 percentage for the year;

32 (2) the amount of uniformly applied residential property tax
33 replacement credits for the year in the county that equals the
34 amount determined under subdivision (1); and

35 (3) the increased percentage of residential property tax
36 replacement credit that equates to the amount of residential
37 property tax replacement credits determined under subdivision
38 (2).

39 (h) The increased percentage of homestead credit determined by the
40 county auditor under subsection (f) or the increased percentage of
41 residential property tax replacement credit determined by the county
42 auditor under subsection (g) applies uniformly in the county in the

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1 calendar year for which the increased percentage is determined.

2 (i) If the imposing entity specifies the application of allocated
3 increased homestead credits under subsection (c)(2)(C), the county
4 auditor shall, for each calendar year in which an increased homestead
5 credit is authorized under this section, determine:

6 (1) the amount of the certified distribution that is available to
7 provide an increased homestead credit for the year; and

8 (2) except as provided in subsection (1), an increased percentage
9 of homestead credit for each taxing district in the county that
10 allocates to the taxing district an amount of increased homestead
11 credits that bears the same proportion to the amount determined
12 under subdivision (1) that the amount of inventory assessed value
13 deducted under IC 6-1.1-12-42 in the taxing district for the
14 immediately preceding year's assessment date bears to the total
15 inventory assessed value deducted under IC 6-1.1-12-42 in the
16 county for the immediately preceding year's assessment date.

17 (j) If the imposing entity specifies the application of allocated
18 increased residential property tax replacement credits under subsection
19 (c)(2)(D), the county auditor shall determine for each calendar year in
20 which an increased residential property tax replacement credit is
21 authorized under this section:

22 (1) the amount of the certified distribution that is available to
23 provide an increased residential property tax replacement credit
24 for the year; and

25 (2) except as provided in subsection (1), an increased percentage
26 of residential property tax replacement credit for each taxing
27 district in the county that allocates to the taxing district an amount
28 of increased residential property tax replacement credits that
29 bears the same proportion to the amount determined under
30 subdivision (1) that the amount of inventory assessed value
31 deducted under IC 6-1.1-12-42 in the taxing district for the
32 immediately preceding year's assessment date bears to the total
33 inventory assessed value deducted under IC 6-1.1-12-42 in the
34 county for the immediately preceding year's assessment date.

35 (k) The county auditor shall retain from the payments of the county's
36 certified distribution an amount equal to the revenue lost, if any, due to
37 the increase of the homestead credit or residential property tax
38 replacement credit within the county. The money shall be distributed
39 to the civil taxing units and school corporations of the county:

40 (1) as if the money were from property tax collections; and

41 (2) in such a manner that no civil taxing unit or school
42 corporation will suffer a net revenue loss because of the

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allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 98. IC 6-3.5-7-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) This section applies to a county that:

(1) operates a courthouse that is subject to an order that:

(A) is issued by a federal district court;

(B) applies to an action commenced before January 1, 2003; and

(C) requires the county to comply with the federal Americans with Disabilities Act; and

(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

(b) A county described in this section possesses unique fiscal challenges in financing, renovating, equipping, and operating the county courthouse facilities and related facilities because the county consistently has one of the highest unemployment rates in Indiana. Maintaining low property tax rates is essential to economic development in the county. The use of economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

(c) In addition to actions authorized by section 5 of this chapter, a county council may, using the procedures set forth in this chapter, adopt an ordinance to impose an additional county economic development income tax on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include a finding that revenues from additional tax are needed to pay the costs of:

(1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;

(2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or

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operating the county courthouse or related facilities; and

(3) economic development projects described in the county's capital improvement plan.

(d) The tax rate imposed under this section may not exceed twenty-five hundredths percent (0.25%).

(e) If the county council adopts an ordinance to impose an additional tax under this section, the county auditor shall immediately send a certified copy of the ordinance to the department by certified mail. The county treasurer shall establish a county facilities revenue fund to be used only for the purposes described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the costs described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before a certified distribution is made under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

(f) County economic development income tax revenues derived from the tax rate imposed under this section may not be used for purposes other than those described in this section.

(g) County economic development income tax revenues derived from the tax rate imposed under this section that are deposited into the county facilities revenue fund may not be considered by the department of local government finance in determining the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

(h) Notwithstanding section 5 of this chapter, an ordinance may be adopted under this section at any time. If the ordinance is adopted before ~~June~~ **August** 1 of a year, a tax rate imposed under this section takes effect ~~July~~ **October** 1 of that year. If the ordinance is adopted after ~~May~~ **July** 31 of a year, a tax rate imposed under this section takes effect on the January 1 immediately following adoption of the ordinance.

(i) For a county adopting an ordinance before June 1 in a year, in determining the certified distribution under section 11 of this chapter for the calendar year beginning with the immediately following January 1 and each calendar year thereafter, the department shall take into account the certified ordinance mailed to the department under subsection (e). For a county adopting an ordinance after May 31, the department shall issue an initial or a revised certified distribution for the calendar year beginning with the immediately following January 1. Except for a county adopting an ordinance after May 31, a county's certified distribution shall be distributed on the dates specified under

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1 section 16 of this chapter. In the case of a county adopting an ordinance
 2 after May 31, the county, beginning with the calendar year beginning
 3 on the immediately following January 1, shall receive the entire
 4 certified distribution for the calendar year on November 1 of the year.

5 (j) Notwithstanding any other law, funds accumulated from the
 6 county economic development income tax imposed under this section
 7 and deposited into the county facilities revenue fund or any other
 8 revenues of the county may be deposited into a nonreverting fund of
 9 the county to be used for operating costs of the courthouse facilities,
 10 juvenile detention facilities, or related facilities. Amounts in the county
 11 nonreverting fund may not be used by the department of local
 12 government finance to reduce the county's ad valorem property tax levy
 13 for an ensuing calendar year under IC 6-1.1-18.5.

14 SECTION 99. IC 6-6-5-10 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) The bureau
 16 shall establish procedures necessary for the collection of the tax
 17 imposed by this chapter and for the proper accounting for the same.
 18 The necessary forms and records shall be subject to approval by the
 19 state board of accounts.

20 (b) The county treasurer, upon receiving the excise tax collections,
 21 shall receipt such collections into a separate account for settlement
 22 thereof at the same time as property taxes are accounted for and settled
 23 in June and December of each year, with the right and duty of the
 24 treasurer and auditor to make advances prior to the time of final
 25 settlement of such property taxes in the same manner as provided in
 26 IC 5-13-6-3.

27 (c) **Except as provided in subsection (d)**, the county auditor shall
 28 determine the total amount of excise taxes collected for each taxing
 29 unit in the county and the amount so collected (and the distributions
 30 received under section 9.5 of this chapter) shall be apportioned and
 31 distributed among the respective funds of each taxing unit in the same
 32 manner and at the same time as property taxes are apportioned and
 33 distributed. However, for purposes of determining distributions under
 34 this section for 2000 and each year thereafter, the state welfare
 35 allocation for each county equals the greater of zero (0) or the amount
 36 determined under STEP FIVE of the following STEPS:

37 STEP ONE: For 1997, 1998, and 1999, determine the result of:

38 (i) the amounts appropriated by the county in the year from the
 39 county's county welfare fund and county welfare
 40 administration fund; divided by

41 (ii) the total amounts appropriated by all the taxing units in the
 42 county in the year.

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1 STEP TWO: Determine the sum of the results determined in
2 STEP ONE.

3 STEP THREE: Divide the STEP TWO result by three (3).

4 STEP FOUR: Determine the amount that would otherwise be
5 distributed to all the taxing units in the county under this
6 subsection without regard to this subdivision.

7 STEP FIVE: Determine the result of:

- 8 (i) the STEP FOUR amount; multiplied by
- 9 (ii) the STEP THREE result.

10 The state welfare allocation shall be deducted from the total amount
11 available for apportionment and distribution to taxing units under this
12 section before any apportionment and distribution is made. The county
13 auditor shall remit the state welfare allocation to the treasurer of state
14 for deposit in a special account within the state general fund.

15 **(d) Notwithstanding any other provision of this section, the**
16 **department of local government finance shall for each year after**
17 **2007 do the following:**

18 **(1) Certify to the county auditor an adjustment to the**
19 **distribution of excise taxes to ensure that the school**
20 **corporation's amount of excise tax revenue under this chapter**
21 **is not reduced (as a percentage of the total excise tax**
22 **distributions in the county) because of the reduction or**
23 **elimination of the school corporation's tuition support levy**
24 **under IC 20-45-3-11(b) through IC 20-45-3-11(c).**

25 **(2) Certify to the county auditor an adjustment to the**
26 **distribution of excise taxes to ensure that the county's amount**
27 **of excise tax revenue under this chapter is not reduced (as a**
28 **percentage of the total excise tax distributions in the county)**
29 **because of the reduction or elimination of the county family**
30 **and children's fund property tax levy under IC 12-19-7-4(b)**
31 **through IC 12-19-7-4(f).**

32 ~~(d)~~ **(e)** Such determination shall be made from copies of vehicle
33 registration forms furnished by the bureau of motor vehicles. Prior to
34 such determination, the county assessor of each county shall, from
35 copies of registration forms, cause information pertaining to legal
36 residence of persons owning taxable vehicles to be verified from the
37 assessor's records, to the extent such verification can be so made. The
38 assessor shall further identify and verify from the assessor's records the
39 several taxing units within which such persons reside.

40 ~~(e)~~ **(f)** Such verifications shall be done by not later than thirty (30)
41 days after receipt of vehicle registration forms by the county assessor,
42 and the assessor shall certify such information to the county auditor for

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the auditor's use as soon as it is checked and completed.

SECTION 100. IC 6-6-5.5-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) On or before May 1, the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(b) On or before December 1, the auditor of state shall distribute to each county auditor an amount equal to the greater of the following:

(1) Fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(2) The product of the county's distribution percentage multiplied by the total commercial vehicle excise tax revenue deposited in the commercial vehicle excise tax fund.

(c) Upon receipt, the county auditor shall distribute to the taxing units an amount equal to the product of the taxing unit's distribution percentage multiplied by the total distributed to the county under this section. The amount determined shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed.

(d) In the event that sufficient funds are not available in the commercial vehicle excise tax fund for the distributions required by subsection (a) and subsection (b)(1), the auditor of state shall transfer funds from the commercial vehicle excise tax reserve fund.

(e) The auditor of state shall, not later than July 1 of each year, furnish to each county auditor an estimate of the amounts to be distributed to the counties under this section during the next calendar year. Before August 1, each county auditor shall furnish to the proper officer of each taxing unit of the county an estimate of the amounts to be distributed to the taxing units under this section during the next calendar year and the budget of each taxing unit shall show the estimated amounts to be received for each fund for which a property tax is proposed to be levied.

(f) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:

(1) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the school corporation's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

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1 **(2) Certify to the county auditor an adjustment to the**
 2 **distribution of excise taxes to ensure that the county's amount**
 3 **of excise tax revenue under this chapter is not reduced (as a**
 4 **percentage of the total excise tax distributions in the county)**
 5 **because of the reduction or elimination of the county family**
 6 **and children's fund property tax levy under IC 12-19-7-4(b)**
 7 **through IC 12-19-7-4(f).**

8 SECTION 101. IC 6-6-6.5-21 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) The
 10 department shall allocate each aircraft excise tax payment collected by
 11 it to the county in which the aircraft is usually located when not in
 12 operation or to the aircraft owner's county of residence if based out of
 13 state. The department shall distribute to each county treasurer on a
 14 quarterly basis the aircraft excise taxes which were collected by the
 15 department during the preceding three (3) months and which the
 16 department has allocated to that county. The distribution shall be made
 17 on or before the fifteenth of the month following each quarter and the
 18 first distribution each year shall be made in April.

19 (b) Concurrently with making a distribution of aircraft excise taxes,
 20 the department shall send an aircraft excise tax report to the county
 21 treasurer and the county auditor. The department shall prepare the
 22 report on the form prescribed by the state board of accounts. The
 23 aircraft excise tax report must include aircraft identification, owner
 24 information, and excise tax payment, and must indicate the county
 25 where the aircraft is normally kept when not in operation. The
 26 department shall, in the manner prescribed by the state board of
 27 accounts, maintain records concerning the aircraft excise taxes
 28 received and distributed by it.

29 (c) Except as provided in section 21.5 of this chapter, each county
 30 treasurer shall deposit money received by him under this chapter in a
 31 separate fund to be known as the "aircraft excise tax fund". The money
 32 in the aircraft excise tax fund shall be distributed to the taxing units of
 33 the county in the manner prescribed in subsection (d).

34 (d) In order to distribute the money in the county aircraft excise tax
 35 fund to the taxing units of the county, the county auditor shall first
 36 allocate the money in the fund among the taxing districts of the county.
 37 In making these allocations, the county auditor shall allocate to a taxing
 38 district the excise taxes collected with respect to aircraft usually
 39 located in the taxing district when not in operation. The money
 40 allocated to a taxing district shall be apportioned and distributed among
 41 the taxing units of that taxing district in the same manner and at the
 42 same time that the property taxes are apportioned and distributed.

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1 Notwithstanding any other provision of this section, the
 2 department of local government finance shall for each year after
 3 2007 do the following:

4 (1) Certify to the county auditor an adjustment to the
 5 distribution of excise taxes to ensure that the school
 6 corporation's amount of excise tax revenue under this chapter
 7 is not reduced (as a percentage of the total excise tax
 8 distributions in the county) because of the reduction or
 9 elimination of the school corporation's tuition support levy
 10 under IC 20-45-3-11(b) through IC 20-45-3-11(c).

11 (2) Certify to the county auditor an adjustment to the
 12 distribution of excise taxes to ensure that the county's amount
 13 of excise tax revenue under this chapter is not reduced (as a
 14 percentage of the total excise tax distributions in the county)
 15 because of the reduction or elimination of the county family
 16 and children's fund property tax levy under IC 12-19-7-4(b)
 17 through IC 12-19-7-4(f).

18 (e) Within thirty (30) days following the receipt of excise taxes from
 19 the department, the county treasurer shall file a report with the county
 20 auditor concerning the aircraft excise taxes collected by the county
 21 treasurer. The county treasurer shall file the report on the form
 22 prescribed by the state board of accounts. The county treasurer shall,
 23 in the manner and at the times prescribed in IC 6-1.1-27, make a
 24 settlement with the county auditor for the aircraft excise taxes collected
 25 by the county treasurer. The county treasurer shall, in the manner
 26 prescribed by the state board of accounts, maintain records concerning
 27 the aircraft excise taxes received and distributed by him.

28 SECTION 102. IC 6-6-11-31 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) A boat
 30 excise tax fund is established in each county. Each county treasurer
 31 shall deposit in the fund the taxes received under this chapter.

32 (b) The excise tax money in the county boat excise tax fund shall be
 33 distributed to the taxing units of the county. The county auditor shall
 34 allocate the money in the fund among the taxing units of the county
 35 based on the tax situs of each boat. **Except as provided in subsection**
 36 **(c),** the money allocated to the taxing units shall be apportioned and
 37 distributed among the funds of the taxing units in the same manner and
 38 at the same time that property taxes are apportioned and distributed.

39 (c) Notwithstanding any other provision of this section, the
 40 department of local government finance shall for each year after
 41 2007 do the following:

42 (1) Certify to the county auditor an adjustment to the

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1 distribution of excise taxes to ensure that the school
 2 corporation's amount of boat excise tax revenue under this
 3 chapter is not reduced (as a percentage of the total boat excise
 4 tax distributions in the county) because of the reduction or
 5 elimination of the school corporation's tuition support levy
 6 under IC 20-45-3-11(b) through IC 20-45-3-11(c).

7 (2) Certify to the county auditor an adjustment to the
 8 distribution of excise taxes to ensure that the county's amount
 9 of boat excise tax revenue under this chapter is not reduced
 10 (as a percentage of the total boat excise tax distributions in the
 11 county) because of the reduction or elimination of the county
 12 family and children's fund property tax levy under
 13 IC 12-19-7-4(b) through IC 12-19-7-4(f).

14 SECTION 103. IC 6-9-2.5-6 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county
 16 council may levy tax on every person engaged in the business of
 17 renting or furnishing, for periods of less than thirty (30) days, any room
 18 or rooms, lodgings, or accommodations in any commercial hotel,
 19 motel, inn, tourist camp, or tourist cabin located in a county described
 20 in section 1 of this chapter. Such tax shall not exceed the rate of ~~six~~
 21 **eight** percent (~~6%~~) (**8%**) on the gross income derived from lodging
 22 income only and shall be in addition to the state gross retail tax
 23 imposed on such persons by IC 6-2.5.

24 (b) The county fiscal body may adopt an ordinance to require that
 25 the tax be reported on forms approved by the county treasurer and that
 26 the tax shall be paid monthly to the county treasurer. If such an
 27 ordinance is adopted, the tax shall be paid to the county treasurer not
 28 more than twenty (20) days after the end of the month the tax is
 29 collected. If such an ordinance is not adopted, the tax shall be imposed,
 30 paid, and collected in exactly the same manner as the state gross retail
 31 tax is imposed, paid, and collected pursuant to IC 6-2.5.

32 (c) All of the provisions of IC 6-2.5 relating to rights, duties,
 33 liabilities, procedures, penalties, definitions, exemptions, and
 34 administration shall be applicable to the imposition and administration
 35 of the tax imposed by this section except to the extent such provisions
 36 are in conflict or inconsistent with the specific provisions of this
 37 chapter or the requirements of the county treasurer. Specifically and not
 38 in limitation of the foregoing sentence, the terms "person" and "gross
 39 income" shall have the same meaning in this section as they have in
 40 IC 6-2.5. If the tax is paid to the department of state revenue, the
 41 returns to be filed for the payment of the tax under this section may be
 42 either a separate return or may be combined with the return filed for the

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1 payment of the state gross retail tax as the department of state revenue
2 may, by rule or regulation, determine.

3 (d) If the tax is paid to the department of state revenue, the amounts
4 received from such tax shall be paid quarterly by the treasurer of state
5 to the county treasurer upon warrants issued by the auditor of state.

6 (e) The tax imposed under subsection (a) does not apply to the
7 renting or furnishing of rooms, lodgings, or accommodations to a
8 person for a period of thirty (30) days or more.

9 SECTION 104. IC 6-9-2.5-7.5, AS AMENDED BY P.L.168-2005,
10 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2007]: Sec. 7.5. (a) The county treasurer shall establish a
12 tourism capital improvement fund.

13 (b) The county treasurer shall deposit money in the tourism capital
14 improvement fund as follows:

15 ~~(1) Before January 1, 2000, if the rate set under section 6 of this~~
16 ~~chapter is greater than two percent (2%), the county treasurer~~
17 ~~shall deposit in the tourism capital improvement fund an amount~~
18 ~~equal to the money received under section 6 of this chapter minus~~
19 ~~the amount generated by a two percent (2%) rate.~~

20 ~~(2) After December 31, 1999, and before January 1, 2003, the~~
21 ~~county treasurer shall deposit in the tourism capital improvement~~
22 ~~fund the amount of money received under section 6 of this chapter~~
23 ~~that is generated by a one percent (1%) rate.~~

24 ~~(3) After December 31, 2002, and (1) Before January 1, 2010, the~~
25 ~~county treasurer shall deposit in the tourism capital improvement~~
26 ~~fund the amount of money received under section 6 of this chapter~~
27 ~~that is generated by a one three and one-half percent (1.5%)~~
28 ~~(3.5%) rate.~~

29 ~~(4) (2) After December 31, 2009, the county treasurer shall~~
30 ~~deposit in the tourism capital improvement fund the amount of~~
31 ~~money received under section 6 of this chapter that is generated~~
32 ~~by a two four and one-half percent (2.5%) (4.5%) rate.~~

33 (c) The commission may transfer money in the tourism capital
34 improvement fund to:

35 (1) the county government, a city government, or a separate body
36 corporate and politic in a county described in section 1 of this
37 chapter; or

38 (2) any Indiana nonprofit corporation;

39 for the purpose of making capital improvements in the county that
40 promote conventions, tourism, or recreation. The commission may
41 transfer money under this section only after approving the transfer.
42 Transfers shall be made quarterly or less frequently under this section.

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SECTION 105. IC 6-9-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The tax imposed by section 2 of this chapter shall be at the rate of ~~six~~ **seven** percent ~~(6%)~~ **(7%)** on the gross income derived from lodging income only.

(b) At least ~~one-sixth (1/6)~~ **two-sevenths (2/7)** of the tax proceeds paid to the capital improvement board of managers under this chapter must be used to provide grants to the convention and visitor bureau in the county to be used solely for the purpose of the development and promotion of the tourism and convention industry within the county.

(c) The capital improvement board of managers may establish budgetary requirements for the convention and visitors bureau. If the convention and visitors bureau fails to conform, the board may elect to suspend funding until the bureau complies.

SECTION 106. IC 8-18-21-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The annual operating budget of a toll road authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 107. IC 8-22-3.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) An authority that is located in a:

- (1) city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000);
- (2) county having a population of more than one hundred five thousand (105,000) but less than one hundred ten thousand (110,000); or
- (3) county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000);

may enter into a lease of an airport project with a lessor for a term not to exceed fifty (50) years and the lease may provide for payments to be made by the airport authority from property taxes levied under IC 8-22-3-17, taxes allocated under IC 8-22-3.5-9, any other revenues available to the airport authority, or any combination of these sources.

(b) A lease may provide that payments by the authority to the lessor are required only to the extent and only for the period that the lessor is able to provide the leased facilities in accordance with the lease. The terms of each lease must be based upon the value of the facilities leased and may not create a debt of the authority or the eligible entity for purposes of the Constitution of the State of Indiana.

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1 (c) A lease may be entered into by the authority only after a public
 2 hearing by the board at which all interested parties are provided the
 3 opportunity to be heard. After the public hearing, the board may adopt
 4 an ordinance authorizing the execution of the lease if it finds that the
 5 service to be provided throughout the term of the lease will serve the
 6 public purpose of the authority and is in the best interest of the
 7 residents of the authority district.

8 (d) Upon execution of a lease providing for payments by the
 9 authority in whole or in part from the levy of property taxes under
 10 IC 8-22-3-17, the board shall publish notice of the execution of the
 11 lease and its approval in accordance with IC 5-3-1. Fifty (50) or more
 12 taxpayers residing in the authority district who will be affected by the
 13 lease and who may be of the opinion that no necessity exists for the
 14 execution of the lease or that the payments provided for in the lease are
 15 not fair and reasonable may file a petition in the office of the county
 16 auditor within thirty (30) days after the publication of the notice of
 17 execution and approval. The petition must set forth the petitioners'
 18 names, addresses, and objections to the lease and the facts showing that
 19 the execution of the lease is unnecessary or unwise or that the
 20 payments provided for in the lease are not fair and reasonable, as the
 21 case may be.

22 (e) Upon the filing of a petition under subsection (d), the county
 23 auditor shall immediately certify a copy of the petition, together with
 24 any other data necessary to present the questions involved, to the
 25 department of local government finance **(before January 1, 2009) or**
 26 **the county board of tax and capital projects review (after**
 27 **December 31, 2008)**. Upon receipt of the certified petition and
 28 information, the department of local government finance **or county**
 29 **board of tax and capital projects review** shall fix a time and place for
 30 a hearing in the authority district, which must be not less than five (5)
 31 or more than thirty (30) days after the time is fixed. Notice of the
 32 hearing shall be given by the department of local government finance
 33 to the members of the board, and to the first fifty (50) petitioners on the
 34 petition, by a letter signed by one (1) member of the state board of tax
 35 commissioners **or the county board of tax and capital projects**
 36 **review** and enclosed with fully prepaid postage sent to those persons
 37 at their usual place of residence, at least five (5) days before the date
 38 of the hearing. The decision of the department of local government
 39 finance **or the county board of tax and capital projects review** on
 40 the appeal, upon the necessity for the execution of the lease, and as to
 41 whether the payments under it are fair and reasonable, is final.

42 (f) An authority entering into a lease payable from any sources

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permitted under this chapter may:

(1) pledge the revenue to make payments under the lease pursuant to IC 5-1-14-4; or

(2) establish a special fund to make the payments.

(g) Lease rentals may be limited to money in the special fund so that the obligations of the airport authority to make the lease rental payments are not considered debt of the unit or the district for purposes of the Constitution of the State of Indiana.

(h) Except as provided in this section, no approvals of any governmental body or agency are required before the authority enters into a lease under this section.

(i) An action to contest the validity of the lease or to enjoin the performance of any of its terms and conditions must be brought within thirty (30) days after the later of:

(1) the public hearing described in subsection (c); or

(2) the publication of the notice of the execution and approval of the lease described in subsection (d), if the lease is payable in whole or in part from tax levies.

However, if the lease is payable in whole or in part from tax levies and an appeal has been taken to the department of local government finance **or county board of tax and capital projects review**, an action to contest the validity or enjoin the performance must be brought within thirty (30) days after the decision of the department of local government finance **or county board of tax and capital projects review**.

(j) If an authority exercises an option to buy an airport project from a lessor, the authority may subsequently sell the airport project, without regard to any other statute, to the lessor at the end of the lease term at a price set forth in the lease or at fair market value established at the time of the sale by the authority through auction, appraisal, or arms length negotiation. If the airport project is sold at auction, after appraisal, or through negotiation, the board shall conduct a hearing after public notice in accordance with IC 5-3-1 before the sale. Any action to contest the sale must be brought within fifteen (15) days of the hearing.

SECTION 108. IC 11-10-2-3, AS AMENDED BY P.L.246-2005, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) **Except as provided in subsections (b) through (f)**, a county that commits an offender to the department shall pay to the state treasurer, under IC 4-24-7-4, sixty dollars (\$60) for each day for keeping the offender.

(b) This subsection applies in 2008 if the result determined for

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the county in STEP ONE of IC 12-19-7-4(b) for 2008 is positive. The amount a county shall pay to the state treasurer under this section shall be adjusted as provided in STEP TWO or STEP THREE (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

(1) the result determined for the county in STEP ONE of IC 12-19-7-4(b) for 2008; minus

(2) the amount the county would be required to pay to the state treasurer under this section, without any adjustment under this section.

STEP TWO: If the result in STEP ONE is positive, the county is not required to make a payment to the state treasurer under this section for the keeping of offenders for 2008.

STEP THREE: If the result in STEP ONE is negative, the amount the county is required to pay to the state treasurer under this section for the keeping of offenders for 2008 is equal to the result of:

(1) the amount the county would be required to pay to the state treasurer under this section for 2008, without any adjustment under this section; minus

(2) the result determined for the county in STEP ONE of IC 12-19-7-4(b) for 2008.

(c) This subsection applies in 2008 if the result determined for the county in STEP ONE of IC 12-19-7-4(b) for 2008 is negative. The amount the county is required to pay to the state treasurer under this section for the keeping of offenders for 2008 is equal to the amount determined under subsection (a), without any adjustment under this section.

(d) This subsection applies in a calendar year if the result determined for the county in STEP ONE of IC 12-19-7-4(d) for the calendar year is positive. The amount a county shall pay to the state treasurer under this section shall be adjusted as provided in STEP TWO or STEP FOUR (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

(1) the result determined for the county in STEP ONE of IC 12-19-7-4(d) for the calendar year; minus

(2) the amount the county would be required to pay to the state treasurer under this section, without any adjustment under this section.

STEP TWO: If the result in STEP ONE is positive, the county is not required to make a payment to the state treasurer

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under this section for the keeping of offenders for the calendar year.

STEP THREE: If the result in STEP ONE is negative, the amount the county is required to pay to the state treasurer under this section for the keeping of offenders for the calendar year is equal to the result of:

(1) the amount the county would have been required to pay to the state treasurer under this section for the keeping of offenders for 2008 under subsection (a), without any adjustment under this section; minus

(2) the result determined for the county in STEP ONE of IC 12-19-7-4(d) for the calendar year.

(e) This subsection applies in a calendar year if the result determined for the county in STEP ONE of IC 12-19-7-4(d) for the calendar year is negative. The amount a county shall pay to the state treasurer under this section is equal to the result of:

(1) the amount the county would be required to pay to the state treasurer under this section for the calendar year, without any adjustment under this section; minus

(2) the greater of zero (0) or the difference between:

(A) the amount the county would be required to pay to the state treasurer under this section for the calendar year, without any adjustment under this section; minus

(B) the amount the county would have been required to pay to the state treasurer under this section for the preceding calendar year, without any adjustment under this section.

~~(b)~~ (f) A county is not liable for services provided an offender under section 6 of this chapter or for the cost of keeping the offender while those services are being provided.

SECTION 109. IC 12-13-7-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Before January 1, 2008**, the part of the care and maintenance of the inmates of the Plainfield Juvenile Correctional Facility and the Indianapolis Juvenile Correctional Facility that under law is to be charged back to the counties shall be paid from the county general fund and not the county family and children's fund, unless otherwise provided by law.

(b) **After December 31, 2007, the cost of care and maintenance of the inmates of the Plainfield Juvenile Correctional Facility and the Indianapolis Juvenile Correctional Facility shall be adjusted as provided in IC 11-10-2-3.**

SECTION 110. IC 12-19-1.5-3.5 IS ADDED TO THE INDIANA

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CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE UPON PASSAGE]: **Sec. 3.5. As used in this chapter,
"implementation date" means the following:**

**(1) December 31, 1999, for pledges described in section 8(a) of
this chapter.**

**(2) December 31, 2007, for pledges described in section 8(b) of
this chapter.**

SECTION 111. IC 12-19-1.5-6 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. As used in this
chapter, "replacement amount" means the sum of the property taxes
imposed on the assessed value of property in the allocation area in
excess of the base assessed value in **the following:**

(1) 1999 for:

~~(1)~~ **(A)** the county welfare fund; and

~~(2)~~ **(B)** the county welfare administration fund.

**(2) 2007 for the county family and children's fund property
tax levy.**

SECTION 112. IC 12-19-1.5-8 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) This chapter
applies to an allocation area in which:

(1) the holders of obligations received a pledge before July 1,
1999, of tax increment revenues to repay any part of the
obligations due after December 31, 1999; and

(2) the elimination of a county welfare fund property tax levy or
a county welfare administration fund property tax levy adversely
affects the ability of the governing body to repay the obligations
described in subdivision (1).

(b) This chapter also applies to an allocation area in which:

**(1) the holders of obligations received a pledge before May 15,
2007, of tax increment revenues to repay any part of the
obligations due after December 31, 2007; and**

**(2) the elimination of any part of a county family and children
fund property tax levy adversely affects the ability of the
governing body to repay the obligations described in
subdivision (1).**

~~(b)~~ **(c)** A governing body may use one (1) or more of the procedures
described in sections 9 through 11 of this chapter to provide sufficient
funds to repay the obligations described in subsection (a). The amount
raised each year may not exceed the replacement amount.

SECTION 113. IC 12-19-1.5-9 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) A governing
body may, after a public hearing, impose a special assessment on the

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1 owners of property that is located in an allocation area to repay a bond
 2 or an obligation described in section 8 of this chapter that comes due
 3 after ~~December 31, 1999~~ **the implementation date**. The amount of a
 4 special assessment for a taxpayer shall be determined by multiplying
 5 the replacement amount by a fraction, the denominator of which is the
 6 total incremental assessed value in the allocation area, and the
 7 numerator of which is the incremental assessed value of the taxpayer's
 8 property in the allocation area.

9 (b) Before a public hearing under subsection (a) may be held, the
 10 governing body must publish notice of the hearing under IC 5-3-1. The
 11 notice must state that the governing body will meet to consider whether
 12 a special assessment should be imposed under this chapter and whether
 13 the special assessment will help the governing body realize the
 14 redevelopment or economic development objectives for the allocation
 15 area or honor its obligations related to the allocation area. The notice
 16 must also name a date when the governing body will receive and hear
 17 remonstrances and objections from persons affected by the special
 18 assessment. All persons affected by the hearing, including all taxpayers
 19 within the allocation area, shall be considered notified of the pendency
 20 of the hearing and of subsequent acts, hearings, and orders of the
 21 governing body by the notice. At the hearing, which may be adjourned
 22 from time to time, the governing body shall hear all persons affected by
 23 the proceedings and shall consider all written remonstrances and
 24 objections that have been filed. The only grounds for remonstrance or
 25 objection are that the special assessment will not help the governing
 26 body realize the redevelopment or economic development objectives
 27 for the allocation area or honor its obligations related to the allocation
 28 area. After considering the evidence presented, the governing body
 29 shall take final action concerning the proposed special assessment. The
 30 final action taken by the governing body shall be recorded and is final
 31 and conclusive, except that an appeal may be taken in the manner
 32 prescribed by subsection (c).

33 (c) A person who filed a written remonstrance with a governing
 34 body under subsection (b) and is aggrieved by the final action taken
 35 may, within ten (10) days after that final action, file in the office of the
 36 clerk of the circuit or superior court a copy of the order of the
 37 governing body and the person's remonstrance or objection against that
 38 final action, together with a bond conditioned to pay the costs of appeal
 39 if the appeal is determined against the person. The only ground of
 40 remonstrance or objection that the court may hear is whether the
 41 proposed assessment will help achieve the redevelopment of economic
 42 development objectives for the allocation area or honor its obligations

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related to the allocation area. An appeal under this subsection shall be promptly heard by the court without a jury. All remonstrances or objections upon which an appeal has been taken must be consolidated, heard, and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the remonstrances or objections, and may confirm the final action of the governing body or sustain the remonstrances or objections. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

(d) The maximum amount of a special assessment under this section may not exceed the replacement amount.

(e) A special assessment shall be imposed and collected in the same manner as ad valorem property taxes are imposed and collected.

SECTION 114. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A family and children's fund is established in each county. The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:

(1) is in addition to all other tax levies authorized; and

(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the family and children's fund:

(1) All receipts from the tax imposed under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) Any family and children replacement distribution that is paid by the state to the county under IC 12-19-7.2 for 2008 and thereafter.

~~(3)~~ (4) Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 115. IC 12-19-7-4, AS AMENDED BY P.L.234-2005, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsections (b)**

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through (f), for taxes first due and payable in each year after 2005, each county shall impose a county family and children property tax levy equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year.

(b) This subsection applies to a county in 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008 is positive. The county family and children property tax levy for calendar year 2008 shall be adjusted as provided in STEP TWO or STEP THREE (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

(1) the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008; minus

(2) the county family and children property tax levy to be imposed in 2008, as determined under subsection (a) before adjustment under this subsection.

STEP TWO: If the result in STEP ONE is positive:

(1) the county may not impose a county family and children property tax levy in 2008; and

(2) the state shall pay to the county a family and children replacement distribution under IC 12-19-7.2.

STEP THREE: If the result in STEP ONE is negative:

(1) the county family and children property tax levy to be imposed in 2008 is equal to the result of:

(A) the county family and children property tax levy to be imposed in 2008, as determined under subsection (a) before adjustment under this subsection; minus

(B) the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008; and

(2) the state shall pay to the county a state family and children replacement distribution under IC 12-19-7.2.

(c) If the result determined for a county in STEP THREE of IC 20-45-3-11(b) for 2008 is negative:

(1) the county family and children property tax levy for 2008 is the amount determined under subsection (a) for 2008, without any adjustment under this section; and

(2) the county is not entitled to a family and children replacement distribution under IC 12-19-7.2 for 2008.

(d) This subsection applies to a county in a calendar year after 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year is positive. The county family and children property tax levy for the calendar year shall

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be adjusted as provided in STEP TWO or STEP FIVE (as applicable) of the following STEPS:

STEP ONE: Determine the result of:

(1) the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year; minus

(2) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b).

STEP TWO: If the STEP ONE amount is positive, determine the result of:

(1) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) without any adjustment under this subsection; minus

(2) the sum of:

(A) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b); plus

(B) the greater of zero (0) or one-half (1/2) of the difference between:

(i) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) without any adjustment under this subsection; minus

(ii) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before any adjustment under this section.

The state shall pay to the county a family and children replacement distribution under IC 12-19-7.2 equal to the subdivision (2) amount.

STEP THREE: If the STEP ONE amount is negative, determine the result of STEPS FOUR through FIVE:

STEP FOUR: Determine the result of:

(1) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b); minus

(2) the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year.

STEP FIVE: Determine the sum of:

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1 (1) the STEP FOUR result; plus
 2 (2) the greater of zero (0) or one-half (1/2) of the difference
 3 between:
 4 (A) the county family and children property tax levy to
 5 be imposed in the calendar year, as determined under
 6 subsection (a) before adjustment under this section;
 7 minus
 8 (B) the county family and children property tax levy that
 9 would have been imposed in the preceding calendar year,
 10 as determined under subsection (a) before adjustment
 11 under this section.
 12 If the STEP ONE amount is negative, the state shall pay to the
 13 county a family and children replacement distribution under
 14 IC 12-19-7.2 equal to the result determined in this STEP.
 15 (e) This subsection applies to a county in a calendar year after
 16 2008 if the result determined for the county in STEP THREE of
 17 IC 20-45-3-11(c) for the calendar year is negative. The county
 18 family and children property tax levy for the calendar year is equal
 19 to the result of:
 20 (1) the county family and children property tax levy to be
 21 imposed in the calendar year, as determined under subsection
 22 (a) before adjustment under this section; minus
 23 (2) the greater of zero (0) or one-half (1/2) of the difference
 24 between:
 25 (A) the county family and children property tax levy to be
 26 imposed in the calendar year, as determined under
 27 subsection (a) before adjustment under this section; minus
 28 (B) the county family and children property tax levy that
 29 would have been imposed in the preceding calendar year,
 30 as determined under subsection (a) before adjustment
 31 under this section.
 32 (f) This subsection applies only to property taxes first due and
 33 payable after December 31, 2007. This subsection applies only to
 34 a county for which a county adjusted gross income tax rate is first
 35 imposed or is increased in a particular year under IC 6-3.5-1.1-24
 36 or a county option income tax rate is first imposed or is increased
 37 in a particular year under IC 6-3.5-6-30. Notwithstanding any
 38 provision in this section or any other section of this chapter, for a
 39 county subject to this subsection, the county's family and children
 40 property tax levy under this section for the ensuing calendar year
 41 may not exceed the result of:
 42 (1) the county's family and children property tax levy as

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determined under subsections (a) through (e); minus
 (2) the greater of zero (0) or one-half (1/2) of the difference
 between:

- (A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus
- (B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

~~(b)~~ (g) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with IC 6-1.1-17-3.

SECTION 116. IC 12-19-7.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 7.2. Family and Children Replacement Distributions

Sec. 1. (a) The department of local government finance shall before May 1 of each year after 2007 certify to the auditor of state the sum of the following amounts for each county for that year:

(1) For 2008:

- (A) If STEP TWO of IC 12-19-7-4(b) applies to the county, the amount specified in STEP ONE (2) of IC 12-19-7-4(b).
- (B) If STEP THREE of IC 12-19-7-4(b) applies to the county, the amount specified in STEP THREE (1)(B) of IC 12-19-7-4(b).

(2) For 2009 and thereafter:

- (A) If STEP TWO of IC 12-19-7-4(d) applies to the county, the amount specified in STEP TWO (2) of IC 12-19-7-4(d).
- (B) If STEP THREE of IC 12-19-7-4(d) applies to the county, the amount specified in STEP FIVE (2) of IC 12-19-7-4(d).
- (C) If IC 12-19-7-4(e) applies to the county, the amount specified in IC 12-19-7-4(e)(2).

(b) The department of local government finance shall make the certifications based on the best information available at the time the certification is made.

Sec. 2. The amount certified under section 1 of this chapter for a county is the county's family and children replacement distribution for the year. However, the amount certified for a county may be adjusted by the department of local government

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1 finance.

2 **Sec. 3. Before June 1 of each year, the auditor of state shall**
 3 **distribute to each county treasurer from the state general fund**
 4 **one-half (1/2) of the family and children replacement distribution**
 5 **for that year for the county. Before December 1 of that year, the**
 6 **auditor of state shall distribute to each county treasurer from the**
 7 **state general fund the remaining one-half (1/2) of the family and**
 8 **children replacement distribution for that year.**

9 **Sec. 4. The family and children replacement distribution under**
 10 **section 3 of this chapter shall be deposited in the county family and**
 11 **children's fund.**

12 **Sec. 5. On or before December 31 of each year or as soon**
 13 **thereafter as possible, the department of local government finance**
 14 **shall make a final determination of the amount that should be**
 15 **distributed to each county under this chapter for the year. This**
 16 **determination is the final determination of distribution. The**
 17 **department of local government finance shall certify these amounts**
 18 **to the auditor of state and to each county treasurer. The auditor of**
 19 **state shall distribute to a county treasurer or receive back from the**
 20 **county treasurer any deficit or excess, as the case may be, between**
 21 **the sum of the child protection distributions made for that year**
 22 **and the final determination of distribution for that year.**

23 **Sec. 6. (a) All distributions required by this chapter shall be**
 24 **made by warrants issued by the auditor of the state to the**
 25 **treasurer of the state ordering the appropriate payments.**

26 **(b) There is annually appropriated from the state general fund**
 27 **an amount sufficient to make the distributions required by this**
 28 **chapter.**

29 SECTION 117. IC 12-19-7.5-6, AS AMENDED BY P.L.234-2005,
 30 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 UPON PASSAGE]: Sec. 6. (a) **Except as provided by subsection (b),**
 32 **for taxes first due and payable in each year after 2005, each county**
 33 **shall impose a county children's psychiatric residential treatment**
 34 **services property tax levy equal to the county children's psychiatric**
 35 **residential treatment services property tax levy necessary to pay the**
 36 **costs of children's psychiatric residential treatment services of the**
 37 **county for the next fiscal year.**

38 **(b) This subsection applies only to property taxes first due and**
 39 **payable after December 31, 2007. This subsection applies only to**
 40 **a county for which a county adjusted gross income tax rate is first**
 41 **imposed or is increased in a particular year under IC 6-3.5-1.1-24**
 42 **or a county option income tax rate is first imposed or is increased**

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1 in a particular year under IC 6-3.5-6-30. Notwithstanding any
 2 provision in this section or any other section of this chapter, for a
 3 county subject to this subsection, the maximum county children's
 4 psychiatric residential treatment services property tax levy for the
 5 ensuing calendar year is equal to the maximum county children's
 6 psychiatric residential treatment services property tax levy in the
 7 current year.

8 ~~(b)~~ (c) The department of local government finance shall review
 9 each county's property tax levy under this section and shall enforce the
 10 requirements of this section with respect to that levy.

11 SECTION 118. IC 12-29-1-5 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. All general Indiana
 13 statutes relating to the following apply to the issuance of county bonds
 14 under this chapter:

15 (1) The filing of a petition requesting the issuance of bonds.

16 (2) The giving of notice of the following:

17 (A) The filing of the petition requesting the issuance of the
 18 bonds.

19 (B) The determination to issue bonds.

20 (C) A hearing on the appropriation of the proceeds of the
 21 bonds.

22 (3) The right of taxpayers to appear and be heard on the proposed
 23 appropriation.

24 (4) The approval of the appropriation by the department of local
 25 government finance **(before January 1, 2009) or the county**
 26 **board of tax and capital projects review (after December 31,**
 27 **2008).**

28 (5) The right of taxpayers to remonstrate against the issuance of
 29 bonds.

30 SECTION 119. IC 12-29-2-2 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county
 32 shall fund the operation of community mental health centers in the
 33 amount determined under subsection (b), unless a lower tax levy
 34 amount will be adequate to fulfill the county's financial obligations
 35 under this chapter in any of the following situations:

36 (1) If the total population of the county is served by one (1)
 37 center.

38 (2) If the total population of the county is served by more than one
 39 (1) center.

40 (3) If the partial population of the county is served by one (1)
 41 center.

42 (4) If the partial population of the county is served by more than

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one (1) center.

(b) The amount of funding under subsection (a) for taxes first due and payable in a calendar year is the following:

(1) For 2004, the amount is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

STEP TWO: Multiply the STEP ONE result by the county's assessed value growth quotient for the ensuing year 2003, as determined under IC 6-1.1-18.5-2.

STEP THREE: Multiply the STEP TWO result by the county's assessed value growth quotient for the ensuing year 2004, as determined under IC 6-1.1-18.5-2.

(2) **Except as provided in subsection (c),** for 2005 and each year thereafter, the result equal to:

(A) the amount that was levied in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.

(c) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's maximum property tax levy under this section to fund the operation of community mental health centers for the ensuing calendar year is equal to the county's maximum property tax levy to fund the operation of community mental health centers for the current calendar year.

SECTION 120. IC 13-18-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If the offender is a municipal corporation, the cost of:

(1) acquisition, construction, repair, alteration, or extension of the necessary plants, machinery, or works; or

(2) taking other steps that are necessary to comply with the order; shall be paid out of money on hand available for these purposes or out of the general money of the municipal corporation not otherwise

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appropriated.

(b) If there is not sufficient money on hand or unappropriated, the necessary money shall be raised by the issuance of bonds. The bond issue is subject only to the approval of the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**.

SECTION 121. IC 14-30-2-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. However, the annual budget is not subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any county. Notwithstanding any other law, the budget of the commission shall be treated for all other purposes as if the appropriate county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** had approved the budget.

SECTION 122. IC 14-30-4-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. The annual budget is subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any participating county.

(b) The commission is not eligible for funding through the Wabash River heritage corridor commission established by IC 14-13-6-6.

SECTION 123. IC 14-33-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The budget of a district:

(1) must be prepared and submitted:

(A) at the same time;

(B) in the same manner; and

(C) with notice;

as is required by statute for the preparation of budgets by municipalities; and

(2) is subject to the same review by:

(A) the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**; and

(B) the department of local government finance;

as is required by statute for the budgets of municipalities.

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(b) If a district is established in more than one (1) county:

(1) except as provided in subsection (c), the budget shall be certified to the auditor of the county in which is located the court that had exclusive jurisdiction over the establishment of the district; and

(2) notice must be published in each county having land in the district. Any taxpayer in the district is entitled to be heard before the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** having jurisdiction.

(c) If one (1) of the counties in a district contains either a first or second class city located in whole or in part in the district, the budget:

(1) shall be certified to the auditor of that county; and

(2) is subject to review at the county level only by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of that county.

SECTION 124. IC 20-43-3-5, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) As used in this section, "school corporation" does not include a charter school.

(b) A school corporation's adjusted tuition support levy for a calendar year is the result determined using the following formula:

STEP ONE: Determine the school corporation's maximum permissible tuition support levy.

STEP TWO: Determine the sum of the following:

(A) An amount equal to the annual decrease in federal aid to impacted areas from the calendar year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(B) The part of the school corporation's maximum permissible tuition support levy for the calendar year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding calendar year.

(C) The part of the school corporation's maximum permissible tuition support levy for the calendar year that is added to the school corporation's maximum permissible tuition support levy in the calendar year to provide revenue for one (1) or more charter schools attended by students with legal settlement in the school corporation.

STEP THREE: Determine the **greater of zero (0) or** difference

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of:

(A) the STEP ONE amount; minus

(B) the STEP TWO amount.

SECTION 125. IC 20-44-2-2, AS ADDED BY P.L.2-2006, SECTION 167, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **Except as provided in IC 20-45-3-11**, each governing body may annually levy the amount of taxes that:

(1) in the judgment of the governing body; and

(2) after being made a matter of record in the minutes;

should be levied to produce income sufficient to conduct and carry on the public schools committed to the governing body.

SECTION 126. IC 20-45-2-1, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. **Except as provided in IC 20-45-3-11**, the governing body of each school corporation shall levy a property tax for the school corporation's general fund.

SECTION 127. IC 20-45-2-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A school corporation that did not impose a general fund tax levy for the preceding calendar year may not collect a general fund tax levy for the ensuing calendar year until the general fund tax levy (and the related budget, appropriations, and general fund tax rate), after being adopted and advertised, is:

(1) considered by the proper county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** as provided by law;

(2) reviewed by the tax control board, which shall make its recommendations in respect to the general fund tax levy to the department; and

(3) approved by the department of local government finance.

(b) For purposes of this article, the school corporation's initial maximum permissible tuition support levy must be based on the taxes collectible in the first full calendar year after the approval.

(c) If territory is transferred from one (1) school corporation to another under IC 20-4-4 (before its repeal), IC 20-3-14 (before its repeal), IC 20-23-5, or IC 20-25-5, maximum permissible tuition support levy and the other terms used in this article shall be interpreted as though the assessed valuation of the territory had been transferred before March 1, 1977, in accordance with rules and a final determination by the department of local government finance.

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SECTION 128. IC 20-45-3-1, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. **Except as provided in IC 20-45-3-11**, a school corporation may impose a tuition support levy for the school corporation's general fund.

SECTION 129. IC 20-45-3-11, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) Except as provided in subsections (b) and (c)**, a school corporation's tuition support levy for a calendar year is the sum of the following:

(1) The school corporation's equalized levy for the calendar year.

(2) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(3) The part of the maximum permissible tuition support levy for the year that equals the original amount of the levy by the school corporation to cover the costs of opening a new school facility or reopening an existing facility during the preceding year.

(4) The amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the target revenue per ADM for each charter school that included at least one (1) student who has legal settlement in the school corporation in the charter school's current ADM.

STEP TWO: For each charter school, multiply the STEP ONE amount by the number of students who have legal settlement in the school corporation and who are included in the charter school's current ADM.

STEP THREE: Determine the sum of the STEP TWO amounts.

STEP FOUR: Multiply the STEP THREE amount by thirty-five hundredths (0.35).

(b) For calendar year 2008, the portion of a school corporation's tuition support levy in a particular county (after the application of any locally paid property tax replacement credits under IC 6-3.5-1.1) shall be adjusted as provided in STEP FOUR or STEP SIX (as applicable) of the following STEPS:

STEP ONE: Determine the state property tax replacement amount under IC 6-1.1-21.1 for 2008 for the county in which the school corporation is located.

STEP TWO: Determine the result of:

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(1) the sum of the tuition support levies imposed in the county in 2007, by all school corporations in the county in which the school corporation is located; multiplied by
(2) one and thirty-five thousandths (1.035).

STEP THREE: Determine the result of:

- (1) the STEP ONE amount; minus
- (2) the STEP TWO amount.

STEP FOUR: If the STEP THREE amount is positive, the school corporation's tuition support levy in the county for 2008 is zero dollars (\$0).

STEP FIVE: If the STEP THREE amount is negative, determine the STEP SIX result.

STEP SIX: Determine the result of:

- (1) the absolute value of the STEP THREE amount; multiplied by
- (2) the result of:

(A) the tuition support levy imposed in the county by the school corporation in 2007; divided by

(B) the sum of the tuition support levies imposed in the county in 2007 by all school corporations in the county.

If the STEP THREE amount is negative, the school corporation's tuition support levy in the county for 2008 is the amount determined under this STEP.

(c) For calendar years after 2008, the portion of a school corporation's tuition support levy in a particular county shall be adjusted as provided in STEP FOUR or STEP SIX (as applicable) of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the difference between the state property tax replacement amount under IC 6-1.1-21.1 for the current calendar year and for the preceding calendar year for the county in which the school corporation is located.

STEP TWO: Determine the sum of the tuition support levies imposed in the county in the preceding calendar year.

STEP THREE: Determine the result of:

- (1) the STEP ONE amount; minus
- (2) the STEP TWO amount.

STEP FOUR: If the STEP THREE amount is positive, the school corporation's tuition support levy in the county for the calendar year is equal to zero dollars (\$0).

STEP FIVE: If the STEP THREE amount is negative, determine the STEP SIX result.

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1 **STEP SIX: Determine the result of:**

2 (1) the absolute value of the STEP THREE amount;
3 multiplied by

4 (2) the result of:

5 (A) the result of:

6 (i) tuition support levy imposed in the county by the
7 school corporation in the preceding year; divided by

8 (ii) the sum of the tuition support levies imposed in the
9 county in the preceding calendar year by all the school
10 corporations in the county.

11 **If the STEP THREE amount is negative, the school**
12 **corporation's tuition support levy in the county for the**
13 **calendar year is the amount determined under this STEP.**

14 SECTION 130. IC 20-45-4-1, AS ADDED BY P.L.2-2006,
15 SECTION 168, IS AMENDED TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2007]: Sec. 1. A county board of tax adjustment
17 **(before January 1, 2009) or the county board of tax and capital**
18 **projects review (after December 31, 2008)** may not approve or
19 recommend the approval of an excessive tax levy.

20 SECTION 131. IC 20-45-4-2, AS ADDED BY P.L.2-2006,
21 SECTION 168, IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2007]: Sec. 2. If a school corporation adopts or
23 advertises an excessive tax levy, the county board of tax adjustment
24 **(before January 1, 2009) or the county board of tax and capital**
25 **projects review (after December 31, 2008)** that reviews the school
26 corporation's budget, tax levy, and tax rate shall reduce the excessive
27 tax levy to the maximum permissible tuition support levy.

28 SECTION 132. IC 20-45-4-3, AS ADDED BY P.L.2-2006,
29 SECTION 168, IS AMENDED TO READ AS FOLLOWS
30 [EFFECTIVE JULY 1, 2007]: Sec. 3. If a county board of tax
31 adjustment **(before January 1, 2009) or the county board of tax and**
32 **capital projects review (after December 31, 2008)** approves or
33 recommends the approval of an excessive tax levy for a school
34 corporation, the auditor of the county for which the county board of tax
35 adjustment **(before January 1, 2009) or the county board of tax and**
36 **capital projects review (after December 31, 2008)** is acting shall
37 reduce the excessive tax levy to the maximum permissible tuition
38 support levy. The reduction shall be set out in the notice required to be
39 published by the county auditor under IC 6-1.1-17-12. An appeal shall
40 be permitted as provided under IC 6-1.1-17 as modified by IC 6-1.1-19
41 and this article.

42 SECTION 133. IC 20-45-4-4, AS ADDED BY P.L.2-2006,

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SECTION 168, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2007]: Sec. 4. Appeals from any action of a
 county board of tax adjustment **(before January 1, 2009), the county
 board of tax and capital projects review (after December 31, 2008),**
 or a county auditor concerning a school corporation's budget, property
 tax levy, or property tax rate may be taken as provided for by
 IC 6-1.1-17 and IC 6-1.1-19. Notwithstanding IC 6-1.1-17 and
 IC 6-1.1-19, a school corporation may appeal to the department of local
 government finance for emergency financial relief for the ensuing
 calendar year at any time before:

(1) September 20; or

(2) in the case of a request described in IC 20-45-6-5 or
 IC 20-46-6-6, December 31;

of the calendar year immediately preceding the ensuing calendar year.

SECTION 134. IC 20-45-5-3, AS ADDED BY P.L.2-2006,
 SECTION 168, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2007]: Sec. 3. The tax control board shall, after
 the tax control board studies the appeal petition and related materials,
 recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before
 January 1, 2009), the county board of tax and capital projects
 review (after December 31, 2008),** or the county auditor, in
 respect of the appellant school corporation's budget, tax levy, or
 tax rate for the ensuing calendar year, be approved;

(2) the order of the county board of tax adjustment **(before
 January 1, 2009), the county board of tax and capital projects
 review (after December 31, 2008),** or the county auditor
 concerning the appellant school corporation's budget, tax levy, or
 tax rate for the calendar year be disapproved and that the
 appellant school corporation's budget, tax levy, or tax rate for the
 calendar year be:

(A) reduced; or

(B) increased;

as specified in the tax control board's recommendation; or

(3) combined with a recommendation allowed under subdivision
 (1) or (2), a new facility adjustment be granted to permit the
 school corporation's tuition support levy to be increased if the
 school corporation can show a need for the increase because of:

(A) the opening after December 31, 1972, of a new school
 facility; or

(B) the reopening after July 1, 1988, of an existing facility
 that:

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(i) was not used for at least three (3) years immediately before the reopening; and

(ii) is reopened to provide additional classroom space.

SECTION 135. IC 20-45-6-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate a school corporation's tuition support levy do not prohibit a school corporation from imposing an excessive tax levy authorized under this chapter.**

SECTION 136. IC 20-45-6-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) This section applies with respect to every appeal petition of a school corporation that:

(1) is delivered to the tax control board by the department of local government finance under IC 6-1.1-19-4.1; and

(2) includes a request for emergency financial relief.

(b) This section does not apply to an appeal petition described in section 5 or 6 of this chapter.

(c) The tax control board shall, after studying the appeal petition and related materials, make an appropriate recommendation to the department of local government finance.

(d) If the appeal petition requests a referendum under IC 20-46-1, the tax control board shall expedite the tax control board's review as necessary to permit the referendum to be conducted without a special election.

(e) In respect to the appeal petition, the tax control board may make to the department of local government finance any of the recommendations described in IC 20-45-5-3, subject to the limitations described in IC 20-45-5-6.

(f) In addition to a recommendation under subsection (c) or (e), if the tax control board concludes that the appellant school corporation cannot, in a calendar year, carry out the public educational duty committed to the appellant school corporation by law if the appellant school corporation does not receive emergency financial relief for the calendar year, the tax control board may recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment (**before January 1, 2009**), the county board of tax and capital projects review (**after December 31, 2008**), or the county auditor in respect of the budget, tax levy, or tax rate of the appellant school corporation be:

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- 1 (A) approved; or
 2 (B) disapproved and modified;
 3 as specified in the tax control board's recommendation; and
 4 (2) the appellant school corporation receive emergency financial
 5 relief from the state:
 6 (A) on terms to be specified by the tax control board in the tax
 7 control board's recommendation; and
 8 (B) in the form permitted under subsection (g).
 9 (g) The tax control board may recommend emergency financial
 10 relief for a school corporation under subsection (f) in the form of:
 11 (1) a grant or grants from any funds of the state that are available
 12 for that purpose;
 13 (2) a loan or loans from any funds of the state that are available
 14 for that purpose;
 15 (3) permission to the appellant school corporation to borrow funds
 16 from a source other than the state or assistance in obtaining the
 17 loan;
 18 (4) an advance or advances of funds that will become payable to
 19 the appellant school corporation under any law providing for the
 20 payment of state funds to school corporations;
 21 (5) permission to the appellant school corporation to:
 22 (A) cancel any unpaid obligation of the appellant school
 23 corporation's general fund to the appellant school corporation's
 24 capital projects fund; or
 25 (B) use for general fund purposes:
 26 (i) any unobligated balance in the appellant school
 27 corporation's capital projects fund; and
 28 (ii) the proceeds of any levy made or to be made by the
 29 school corporation for;
 30 the school corporation's capital projects fund;
 31 (6) permission to use, for general fund purposes, any unobligated
 32 balance in any debt service or other construction fund, including
 33 any unobligated proceeds of a sale of the school corporation's
 34 general obligation bonds; or
 35 (7) a combination of the emergency financial relief described in
 36 subdivisions (1) through (6).

37 SECTION 137. IC 20-45-7-1.5 IS ADDED TO THE INDIANA
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS
 39 [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of**
 40 **IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate**
 41 **a school corporation's tuition support levy do not prohibit a county**
 42 **council from imposing a tax under this chapter.**

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1 SECTION 138. IC 20-45-7-20, AS ADDED BY P.L.2-2006,
2 SECTION 168, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) The county auditor shall
4 compute the amount of the tax to be levied each year. Before August
5 2, the county auditor shall certify the amount to the county council.

6 (b) The tax rate shall be advertised and fixed by the county council
7 in the same manner as other property tax rates. The tax rate shall be
8 subject to all applicable law relating to review by the county board of
9 tax adjustment **(before January 1, 2009) or the county board of tax
10 and capital projects review (after December 31, 2008)** and the
11 department of local government finance.

12 (c) The department of local government finance shall certify the tax
13 rate at the time it certifies the other county tax rates.

14 (d) The department of local government finance shall raise or lower
15 the tax rate to the tax rate provided in this chapter, regardless of
16 whether the certified tax rate is below or above the tax rate advertised
17 by the county.

18 SECTION 139. IC 20-45-8-1.5 IS ADDED TO THE INDIANA
19 CODE AS A NEW SECTION TO READ AS FOLLOWS
20 [EFFECTIVE UPON PASSAGE]: Sec. 1.5. **The provisions of
21 IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate
22 a school corporation's tuition support levy do not prohibit a board
23 of county commissioners from imposing a county supplemental
24 school financing tax under this chapter.**

25 SECTION 140. IC 20-45-8-20, AS ADDED BY P.L.2-2006,
26 SECTION 168, IS AMENDED TO READ AS FOLLOWS
27 [EFFECTIVE JULY 1, 2007]: Sec. 20. The tax levy is subject to all
28 laws concerning review by the county board of tax adjustment **(before
29 January 1, 2009) or the county board of tax and capital projects
30 review (after December 31, 2008)** and the department of local
31 government finance.

32 SECTION 141. IC 20-46-1-18, AS ADDED BY P.L.2-2006,
33 SECTION 169, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE UPON PASSAGE]: Sec. 18. **(a) A school corporation's
35 levy may not be considered in the determination of the school
36 corporation's state tuition support under IC 20-43 or the determination
37 of the school corporation's maximum permissible tuition support levy
38 under IC 20-45-3.**

39 **(b) The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c)
40 that reduce or eliminate a school corporation's tuition support levy
41 do not affect:**

42 **(1) the authority for voters to approve a referendum tax levy**

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1 in a referendum under this chapter; and

2 (2) the authority for a school corporation to collect a
3 referendum tax levy approved in a referendum under this
4 chapter.

5 SECTION 142. IC 20-46-4-6, AS ADDED BY P.L.2-2006,
6 SECTION 169, IS AMENDED TO READ AS FOLLOWS
7 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Except as provided in
8 subsection (b), the levy may not exceed:

9 (1) the amount determined by multiplying:

10 (A) the school corporation's levy for the fund for the previous
11 year under IC 21-2-11.5 (before its repeal) or this chapter, as
12 that levy was determined by the department of local
13 government finance in fixing the civil taxing unit's budget,
14 levy, and rate for that preceding calendar year under
15 IC 6-1.1-17 and after eliminating the effects of temporary
16 excessive levy appeals and any other temporary adjustments
17 made to the levy for the calendar year; by

18 (B) the assessed value growth quotient determined under
19 IC 6-1.1-18.5-2; plus

20 (2) in 2006 and 2007, the amount determined under section 9 of
21 this chapter.

22 (b) This subsection applies only to property taxes first due and
23 payable after December 31, 2007. This subsection applies only to
24 a school corporation that is located in a county for which a county
25 adjusted gross income tax rate is first imposed or is increased in a
26 particular year under IC 6-3.5-1.1-24 or a county option income
27 tax rate is first imposed or is increased in a particular year under
28 IC 6-3.5-6-30. Notwithstanding any provision in this section or any
29 other section of this chapter and except as provided in subsection
30 (c), for a school corporation subject to this subsection, the
31 maximum levy under this section for the ensuing calendar year is
32 equal to the school corporation's maximum levy for the fund in the
33 current year.

34 (c) In the case of a school corporation that:

35 (1) is partially located in a county for which a county adjusted
36 gross income tax rate is first imposed or is increased in a
37 particular year under IC 6-3.5-1.1-24 or for which a county
38 option income tax rate is first imposed or is increased in a
39 particular year under IC 6-3.5-6-30; and

40 (2) is partially located in a county that is not described in
41 subdivision (1);

42 the department of local government shall, notwithstanding

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subsection (b), adjust the portion of the school corporation's maximum levy under this section that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government shall adjust this portion of the school corporation's maximum levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the school corporation's maximum levy under this subsection, any additional property taxes imposed by the school corporation under the increase in the maximum levy shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 143. IC 20-46-7-8, AS AMENDED BY P.L.192-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) A school corporation must file a petition requesting approval from the department of local government finance to:

- (1) incur bond indebtedness;
- (2) enter into a lease rental agreement; or
- (3) repay from the debt service fund loans made for the purchase of school buses under IC 20-27-4-5;

not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the school corporation demonstrates that a longer period is reasonable in light of the school corporation's facts and circumstances.

(b) A school corporation must obtain approval from the department of local government finance before the school corporation may:

- (1) incur the indebtedness;
- (2) enter into the lease agreement; or
- (3) repay the school bus purchase loan.

(c) This restriction does not apply to property taxes that a school corporation levies to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974. In addition, this restriction does not apply to a lease agreement or a purchase agreement entered into between a school corporation and the Indiana bond bank for the lease or purchase of a school bus under IC 5-1.5-4-1(a)(5), if the lease agreement or purchase agreement conforms with the school corporation's ten (10) year school bus replacement plan approved by the department of local government finance under IC 21-2-11.5-3.1.

(d) This section does not apply to:

- (1) school bus purchase loans made by a school corporation that will be repaid solely from the general fund of the school

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corporation; or

(2) bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.

SECTION 144. IC 20-46-7-9, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may:

- (1) approve;
- (2) disapprove; or
- (3) modify then approve;

a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan. Before the department of local government finance approves or disapproves a proposed lease rental agreement, bond issue, or school bus purchase loan, the department of local government finance may seek the recommendation of the tax control board.

(c) The department of local government finance shall render a decision not more than three (3) months after the date the department of local government finance receives a request for approval under section 8 of this chapter. However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department of local government finance sends notice of the extension to the executive officer of the school corporation.

SECTION 145. IC 20-46-7-10, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section applies only to an obligation described in section 8 of this chapter. **This section does not apply to bonded indebtedness incurred or lease rental agreements entered into for capital projects approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.**

(b) The department of local government finance may not approve a school corporation's proposed lease rental agreement or bond issue to

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1 finance the construction of additional classrooms unless the school
2 corporation first:

- 3 (1) establishes that additional classroom space is necessary; and
4 (2) conducts a feasibility study, holds public hearings, and hears
5 public testimony on using a twelve (12) month school term
6 (instead of the nine (9) month school term (as defined in
7 IC 20-30-2-7)) rather than expanding classroom space.

8 (c) A taxpayer may petition for judicial review of the final
9 determination of the department of local government finance under this
10 section. The petition must be filed in the tax court not more than thirty
11 (30) days after the department of local government finance enters its
12 order under this section.

13 SECTION 146. IC 36-7-14-27.5 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27.5. (a) The
15 redevelopment commission may borrow money in anticipation of
16 receipt of the proceeds of taxes levied for the redevelopment district
17 bond fund and not yet collected, and may evidence this borrowing by
18 issuing warrants of the redevelopment district. However, the aggregate
19 principal amount of warrants issued in anticipation of and payable from
20 the same tax levy or levies may not exceed an amount equal to eighty
21 percent (80%) of that tax levy or levies, as certified by the department
22 of local government finance, or as determined by multiplying the rate
23 of tax as finally approved by the total assessed valuation (after
24 deducting all mortgage deductions) within the redevelopment district,
25 as most recently certified by the county auditor.

26 (b) The warrants may be authorized and issued at any time after the
27 tax or taxes in anticipation of which they are issued have been levied
28 by the redevelopment commission. For purposes of this section, taxes
29 for any year are considered to be levied upon adoption by the
30 commission of a resolution prescribing the tax levies for the year.
31 However, the warrants may not be delivered and paid for before final
32 approval of the tax levy or levies by the county board of tax adjustment
33 **(before January 1, 2009), the county board of tax and capital**
34 **projects review (after December 31, 2008),** or, if appealed, by the
35 department of local government finance, unless the issuance of the
36 warrants has been approved by the department.

37 (c) All action that this section requires or authorizes the
38 redevelopment commission to take may be taken by resolution, which
39 need not be published or posted. The resolution takes effect
40 immediately upon its adoption by the redevelopment commission. An
41 action to contest the validity of tax anticipation warrants may not be
42 brought later than ten (10) days after the sale date.

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(d) In their resolution authorizing the warrants, the redevelopment commission must provide that the warrants mature at a time or times not later than December 31 after the year in which the taxes in anticipation of which the warrants are issued are due and payable.

(e) In their resolution authorizing the warrants, the redevelopment commission may provide:

- (1) the date of the warrants;
- (2) the interest rate of the warrants;
- (3) the time of interest payments on the warrants;
- (4) the denomination of the warrants;
- (5) the form either registered or payable to bearer, of the warrants;
- (6) the place or places of payment of the warrants, either inside or outside the state;
- (7) the medium of payment of the warrants;
- (8) the terms of redemption, if any, of the warrants, at a price not exceeding par value and accrued interest;
- (9) the manner of execution of the warrants; and
- (10) that all costs incurred in connection with the issuance of the warrants may be paid from the proceeds of the warrants.

(f) The warrants shall be sold for not less than par value, after notice inviting bids has been published under IC 5-3-1. The redevelopment commission may also publish the notice in other newspapers or financial journals.

(g) Warrants and the interest on them are not subject to any limitation contained in section 25.1 of this chapter, and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

SECTION 147. IC 36-7-14-39, AS AMENDED BY P.L.154-2006, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

- (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the

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- 1 effective date of the allocation provision of the declaratory
 2 resolution, as adjusted under subsection (h); plus
 3 (B) to the extent that it is not included in clause (A), the net
 4 assessed value of property that is assessed as residential
 5 property under the rules of the department of local government
 6 finance, as finally determined for any assessment date after the
 7 effective date of the allocation provision.
- 8 (2) If an allocation provision is adopted after June 30, 1997, in a
 9 declaratory resolution or an amendment to a declaratory
 10 resolution establishing a redevelopment project area:
 11 (A) the net assessed value of all the property as finally
 12 determined for the assessment date immediately preceding the
 13 effective date of the allocation provision of the declaratory
 14 resolution, as adjusted under subsection (h); plus
 15 (B) to the extent that it is not included in clause (A), the net
 16 assessed value of property that is assessed as residential
 17 property under the rules of the department of local government
 18 finance, as finally determined for any assessment date after the
 19 effective date of the allocation provision.
- 20 (3) If:
 21 (A) an allocation provision adopted before June 30, 1995, in
 22 a declaratory resolution or an amendment to a declaratory
 23 resolution establishing a redevelopment project area expires
 24 after June 30, 1997; and
 25 (B) after June 30, 1997, a new allocation provision is included
 26 in an amendment to the declaratory resolution;
 27 the net assessed value of all the property as finally determined for
 28 the assessment date immediately preceding the effective date of
 29 the allocation provision adopted after June 30, 1997, as adjusted
 30 under subsection (h).
- 31 (4) Except as provided in subdivision (5), for all other allocation
 32 areas, the net assessed value of all the property as finally
 33 determined for the assessment date immediately preceding the
 34 effective date of the allocation provision of the declaratory
 35 resolution, as adjusted under subsection (h).
- 36 (5) If an allocation area established in an economic development
 37 area before July 1, 1995, is expanded after June 30, 1995, the
 38 definition in subdivision (1) applies to the expanded part of the
 39 area added after June 30, 1995.
- 40 (6) If an allocation area established in a redevelopment project
 41 area before July 1, 1997, is expanded after June 30, 1997, the
 42 definition in subdivision (2) applies to the expanded part of the

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area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

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shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),

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IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

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(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has

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obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable

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to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

(j) Except as provided in section 3.5 of this chapter, in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), if:

(1) a municipality annexes territory in a school corporation;

(2) before the effective date of the annexation none of the territory of the municipality is also territory of the school corporation; and

(3) an allocation area is:

(A) established in; or

(B) expanded into;

the annexed territory after the effective date of the annexation;

property tax proceeds described in subsection (b)(2) derived from the annexed territory may be used only for expenditures in the annexed territory.

SECTION 148. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006, SECTION 192, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations

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made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

- (1) allocated to the redevelopment district;
- (2) paid into the special fund for that allocation area; and
- (3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

- (1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and
- (2) used by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, the department of local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 and IC 20-45-3 do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal

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property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3 and IC 20-45-3, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 149. IC 36-8-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the municipality is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1925 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 4(a) of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) The local board may provide in its annual budget and pay all necessary expenses of operating the 1925 fund, including the payment of all costs of litigation and attorney fees arising in connection with the fund, as well as the payment of benefits and pensions. Notwithstanding any other law, neither the municipal legislative body, the county board of tax adjustment (**before January 1, 2009**), the county board of tax and capital projects review (**after December 31, 2008**), nor the

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department of local government finance may reduce an item of expenditure.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

(1) the name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled;

(2) the name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive; and

(3) the name and age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(d) The total receipts shall be deducted from the total expenditures stated in the itemized estimate and the amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the municipality in the same manner as other expenses of the municipality are paid. A tax levy shall be made annually for this purpose, as provided in subsection (e). The estimates submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other municipal offices and departments are prepared and filed.

(e) The municipal legislative body shall levy an annual tax in the amount and at the rate that are necessary to produce the revenue to pay that part of the police pensions that the municipality is obligated to pay. All money derived from the levy is for the exclusive use of the police pensions and benefits. The amounts in the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the municipality. The legislative body shall make a levy for them that will yield an amount equal to the estimated disbursements, less the amount of the estimated receipts. Notwithstanding any other law, neither the county board of tax adjustment (**before January 1, 2009**), the county board of tax and capital projects review (**after December 31, 2008**), nor the department of local government finance may reduce the levy.

SECTION 150. IC 36-8-7-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local board shall meet annually and prepare an itemized estimate, in the form prescribed by the state board of accounts, of the amount of money that

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will be receipted into and disbursed from the 1937 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements must be divided into two (2) parts, designated as part 1 and part 2.

(b) Part 1 of the estimated disbursements consists of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible to and expect to retire during the next fiscal year, and to the dependents of deceased members. Part 2 of the estimated disbursements consists of an estimate of the amount of money that will be needed to pay death benefits and other expenditures that are authorized or required by this chapter.

(c) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing the following:

(1) The name, age, and date of retirement of each retired member and the monthly and yearly amount of the payment to which the retired member is entitled.

(2) The name and age of each member who is eligible to and expects to retire during the next fiscal year, the date on which the member expects to retire, and the monthly and yearly amount of the payment that the member will be entitled to receive.

(3) The name and the age of each dependent, the date on which the dependent became a dependent, the date on which the dependent will cease to be a dependent by reason of attaining the age at which dependents cease to be dependents, and the monthly and yearly amount of the payment to which the dependent is entitled.

(4) The amount that would be required for the next fiscal year to maintain level cost funding during the active fund members' employment on an actuarial basis.

(5) The amount that would be required for the next fiscal year to amortize accrued liability for active members, retired members, and dependents over a period determined by the local board, but not to exceed forty (40) years.

(d) The total receipts shall be deducted from the total expenditures as listed in the itemized estimate. The amount of the excess of the estimated expenditures over the estimated receipts shall be paid by the unit in the same manner as other expenses of the unit are paid, and an appropriation shall be made annually for that purpose. The estimates

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submitted shall be prepared and filed in the same manner and form and at the same time that estimates of other offices and departments of the unit are prepared and filed.

(e) The estimates shall be made a part of the annual budget of the unit. When revising the estimates, the executive, the fiscal officer, and other fiduciary officers may not reduce the items in part 1 of the estimated disbursements.

(f) The unit's fiscal body shall make the appropriations necessary to pay that proportion of the budget of the 1937 fund that the unit is obligated to pay under subsection (d). In addition, the fiscal body may make appropriations for purposes of subsection (c)(4), (c)(5), or both. All appropriations shall be made to the local board for the exclusive use of the 1937 fund. The amounts listed in part 1 of the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the unit. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the appropriations made to pay the amount equal to estimated disbursements minus estimated receipts.

SECTION 151. IC 36-8-7-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. The 1937 fund may not be, either before or after an order for distribution to members of the fire department or to the surviving spouses or guardians of a child or children of a deceased, disabled, or retired member, held, seized, taken, subjected to, detained, or levied on by virtue of an attachment, execution, judgment, writ, interlocutory or other order, decree, or process, or proceedings of any nature issued out of or by a court in any state for the payment or satisfaction, in whole or in part, of a debt, damages, demand, claim, judgment, fine, or amercement of the member or the member's surviving spouse or children. The 1937 fund shall be kept and distributed only for the purpose of pensioning the persons named in this chapter. The local board may, however, annually expend an amount from the 1937 fund that it considers proper for the necessary expenses connected with the fund. Notwithstanding any other law, neither the fiscal body, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce these expenditures.

SECTION 152. IC 36-8-7.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) If the local

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board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the local board shall, before the date on which the budget of the police special service district is adopted, prepare an itemized estimate in the form prescribed by the state board of accounts of the amount of money that will be receipted into and disbursed from the 1953 fund during the next fiscal year. The estimated receipts consist of the items enumerated in section 8 of this chapter. The estimated disbursements consist of an estimate of the amount of money that will be needed by the local board during the next fiscal year to defray the expenses and obligations incurred and that will be incurred by the local board in making the payments prescribed by this chapter to retired members, to members who are eligible and expect to retire during the ensuing fiscal year, and to the dependents of deceased members.

(b) At the time when the estimates are prepared and submitted, the local board shall also prepare and submit a certified statement showing:

(1) the estimated number of beneficiaries from the 1953 fund during the ensuing fiscal year in each of the various classifications of beneficiaries as prescribed in this chapter, and the names and amount of benefits being paid to those actively on the list of beneficiaries at that time;

(2) the name, age, and length of service of each member of the police department who is eligible to and expects to retire during the ensuing fiscal year, and the monthly and yearly amounts of the payment that the member will be entitled to receive; and

(3) the name and age of each dependent of a member of the police department who is then receiving benefits, the date on which the dependent commenced drawing benefits, and the date on which the dependent will cease to be a dependent by reason of attaining the age limit prescribed by this chapter, and the monthly and yearly amounts of the payments to which each of the dependents is entitled.

(c) After the amounts of receipts and disbursements shown in the itemized estimate are fixed and approved by the executive, fiscal officer, legislative body and other bodies, as provided by law for other municipal funds, the total receipts shall be deducted from the total expenditures stated in the itemized estimate, and the amount of the excess shall be paid by the police special service district in the same manner as other expenses of the district are paid. The legislative body shall levy a tax and the money derived from the levy shall, when collected, be credited exclusively to the 1953 fund. The tax shall be

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1 levied in the amount and at the rate that is necessary to produce
 2 sufficient revenue to equal the deficit. Notwithstanding any other law,
 3 neither the county board of tax adjustment (**before January 1, 2009**),
 4 **the county board of tax and capital projects review (after**
 5 **December 31, 2008)**, nor the department of local government finance
 6 may reduce the tax levy.

7 SECTION 153. IC 36-8-11-18 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) The board shall
 9 annually budget the necessary money to meet the expenses of operation
 10 and maintenance of the district, including repairs, fees, salaries,
 11 depreciation on all depreciable assets, rents, supplies, contingencies,
 12 bond redemption, and all other expenses lawfully incurred by the
 13 district. After estimating expenses and receipts of money, the board
 14 shall establish the tax levy required to fund the estimated budget.

15 (b) The budget must be approved by the fiscal body of the county,
 16 the county board of tax adjustment (**before January 1, 2009**), **the**
 17 **county board of tax and capital projects review (after December**
 18 **31, 2008)**, and the department of local government finance.

19 (c) Upon approval by the department of local government finance,
 20 the board shall certify the approved tax levy to the auditor of the county
 21 having land within the district. The auditor shall have the levy entered
 22 on the county treasurer's tax records for collection. After collection of
 23 the taxes the auditor shall issue a warrant on the treasurer to transfer
 24 the revenues collected to the board, as provided by statute.

25 SECTION 154. IC 36-8-11-22.1 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22.1. (a) This section
 27 applies to a district that consists of a municipality that is located in two
 28 (2) counties.

29 (b) This section does not apply to a merged district under section 23
 30 of this chapter.

31 (c) Sections 6 and 7 of this chapter apply to the petition.

32 (d) The board of fire trustees for the district shall be appointed as
 33 prescribed by section 12 of this chapter. However, the legislative body
 34 of each county within which the district is located shall jointly appoint
 35 one (1) trustee from each township or part of a township contained in
 36 the district and one (1) trustee from the municipality contained in the
 37 district. The legislative body of each county shall jointly appoint a
 38 member to fill a vacancy.

39 (e) Sections 13, 14, and 15 of this chapter relating to the board of
 40 fire trustees apply to the board of the district. However, the county
 41 legislative bodies serving the district shall jointly decide where the
 42 board shall locate (or approve location of) its office.

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(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to the district. However, the budget must be approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 155. IC 36-8-11-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) Any fire protection district may merge with one (1) or more protection districts to form a single district if at least one-eighth (1/8) of the aggregate external boundaries of the districts coincide.

(b) The legislative body of the county where at least two (2) districts are located (or if the districts are located in more than one (1) county, the legislative body of each county) shall, if petitioned by freeholders in the two (2) districts, adopt an ordinance merging the districts into a single fire protection district.

(c) Freeholders who desire the merger of at least two (2) fire protection districts must initiate proceedings by filing a petition in the office of the county auditor of each county where a district is located. The petition must be signed:

(1) by at least twenty percent (20%), with a minimum of five hundred (500) from each district, of the freeholders owning land within the district; or

(2) by a majority of the freeholders from the districts; whichever is less.

(d) The petition described in subsection (c) must state the same items listed in section 7 of this chapter. Sections 6, 8, and 9 of this chapter apply to the petition and to the legislative body of each county in the proposed district.

(e) The board of fire trustees for each district shall form a single board, which shall continue to be appointed as prescribed by section 12 of this chapter. In addition, sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the merged district, except that if the merged district lies in more than one (1) county, the county legislative bodies serving the combined district shall jointly decide where the board shall locate (or approve relocation of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to a merged district. However, the budget must be

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1 approved by the county fiscal body and county board of tax adjustment
 2 **(before January 1, 2009) or the county board of tax and capital**
 3 **projects review (after December 31, 2008)** in each county in the
 4 merged district. In addition, the auditor of each county in the district
 5 shall perform the duties described in section 18(c) of this chapter.

6 SECTION 156. IC 36-8-13-4.7 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.7. (a) For a township
 8 that elects to have the township provide fire protection and emergency
 9 services under section 3(c) of this chapter, the department of local
 10 government finance shall adjust the township's maximum permissible
 11 levy in the year following the year in which the change is elected, as
 12 determined under IC 6-1.1-18.5-3, to reflect the change from providing
 13 fire protection or emergency services under a contract between the
 14 municipality and the township to allowing the township to impose a
 15 property tax levy on the taxable property located within the corporate
 16 boundaries of each municipality. For the ensuing calendar year, the
 17 township's maximum permissible property tax levy shall be increased
 18 by the product of:

- 19 (1) one and five-hundredths (1.05); multiplied by
- 20 (2) the amount the township contracted or billed to receive,
- 21 regardless of whether the amount was collected:
- 22 (A) in the year in which the change is elected; and
- 23 (B) as fire protection or emergency service payments from the
- 24 municipalities or residents of the municipalities covered by the
- 25 election under section 3(c) of this chapter.

26 The maximum permissible levy for a general fund or other fund of a
 27 municipality covered by the election under section 3(c) of this chapter
 28 shall be reduced for the ensuing calendar year to reflect the change to
 29 allowing the township to impose a property tax levy on the taxable
 30 property located within the corporate boundaries of the municipality.
 31 The total reduction in the maximum permissible levies for all electing
 32 municipalities must equal the amount that the maximum permissible
 33 levy for the township is increased under this subsection for contracts
 34 or billings, regardless of whether the amount was collected, less the
 35 amount actually paid from sources other than property tax revenue.

36 (b) For purposes of determining a township's and each
 37 municipality's maximum permissible ad valorem property tax levy
 38 under IC 6-1.1-18.5-3 for years following the first year after the year in
 39 which the change is elected, a township's and each municipality's
 40 maximum permissible ad valorem property tax levy is the levy after the
 41 adjustment made under subsection (a).

42 (c) The township may use the amount of a maximum permissible

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property tax levy computed under this section in setting budgets and property tax levies for any year in which the election in section 3(c) of this chapter is in effect. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not reduce a budget or tax levy solely because the budget or levy is based on the maximum permissible property tax levy computed under this section.

(d) Section 4.6 of this chapter does not apply to a property tax levy or a maximum property tax levy subject to this section.

SECTION 157. IC 36-8-15-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) This subsection applies to a county not having a consolidated city. For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before September 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to fund the operation of the district. If the county fiscal body adopts such an ordinance, it shall immediately send a copy of the ordinance to the county auditor.

(c) Subject to subsections (d), (e), and (f), if an ordinance or resolution is adopted changing the territory covered by the district or the number of public agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall, for property taxes first due and payable during the year after the adoption of the ordinance, adjust the maximum permissible ad valorem property tax levy limits of the district and the units participating in the district.

(d) If a unit by ordinance or resolution joins the district or elects to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of

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the unit for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amount budgeted by the unit for public safety communication services in the year in which the ordinance was adopted. If such an ordinance or resolution is adopted, the district shall refer its proposed budget, ad valorem property tax levy, and property tax rate for the following year to the board, which shall review and set the budget, levy, and rate as though the district were covered by IC 6-1.1-18.5-7.

(e) If a unit by ordinance or resolution withdraws from the district or rescinds its election to have its public safety agencies served by the district, the local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall reduce the maximum permissible ad valorem property tax levy of the district for property taxes first due and payable during the year after the adoption of the ordinance or resolution. The reduction shall be based on the amounts being levied by the district within that unit. If such an ordinance or resolution is adopted, the unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for public safety communication services to the board, which shall review and set the budget, levy, and rate as though the unit were covered by IC 6-1.1-18.5-7.

(f) The adjustments provided for in subsections (c), (d), and (e) do not apply to a district or unit located in a particular county if the county fiscal body of that county does not impose an ad valorem property tax levy under subsection (a) to fund the operation of the district.

SECTION 158. IC 36-9-3-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. The board shall prepare an annual budget for the authority's operating and maintenance expenditures and necessary capital expenditures. Each annual budget is subject to review and modification by the:

- (1) fiscal body of the county or municipality that establishes the authority; and
- (2) county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and the department of local government finance under IC 6-1.1-17.

SECTION 159. IC 36-9-4-47 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 47. (a) The board of directors of a public transportation corporation may:

- (1) borrow money in anticipation of receipt of the proceeds of taxes that have been levied by the board and have not yet been

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1 collected; and

2 (2) evidence this borrowing by issuing warrants of the
3 corporation.

4 The money that is borrowed may be used by the corporation for
5 payment of principal and interest on its bonds or for payment of current
6 operating expenses.

7 (b) The warrants:

8 (1) bear the date or dates;

9 (2) mature at the time or times on or before December 31
10 following the year in which the taxes in anticipation of which the
11 warrants are issued are due and payable;

12 (3) bear interest at the rate or rates and are payable at the time or
13 times;

14 (4) may be in the denominations;

15 (5) may be in the forms, either registered or payable to bearer;

16 (6) are payable at the place or places, either inside or outside
17 Indiana;

18 (7) are payable in the medium of payment;

19 (8) are subject to redemption upon the terms, including a price not
20 exceeding par and accrued interest; and

21 (9) may be executed by the officers of the corporation in the
22 manner;

23 provided by resolution of the board of directors. The resolution may
24 also authorize the board to pay from the proceeds of the warrants all
25 costs incurred in connection with the issuance of the warrants.

26 (c) The warrants may be authorized and issued at any time after the
27 board of directors levies the tax or taxes in anticipation of which the
28 warrants are issued.

29 (d) The warrants may be sold for not less than par value after notice
30 inviting bids has been published in accordance with IC 5-3-1. The
31 board of directors may also publish the notice inviting bids in other
32 newspapers or financial journals.

33 (e) After the warrants are sold, they may be delivered and paid for
34 at one (1) time or in installments.

35 (f) The aggregate principal amount of warrants issued in
36 anticipation of and payable from the same tax levy or levies may not
37 exceed eighty percent (80%) of the levy or levies, as the amount of the
38 levy or levies is certified by the department of local government
39 finance, or as is determined by multiplying the rate of tax as finally
40 approved by the total assessed valuation of taxable property within the
41 taxing district of the public transportation corporation as most recently
42 certified by the county auditor.

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(g) For purposes of this section, taxes for any year are considered to be levied when the board of directors adopts the ordinance prescribing the tax levies for the year. However, warrants may not be delivered and paid for before final approval of a tax levy or levies by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** (or, if appealed, by the department of local government finance) unless the issuance of the warrants has been approved by the department of local government finance.

(h) The warrants and the interest on them are not subject to sections 43 and 44 of this chapter and are payable solely from the proceeds of the tax levy or levies in anticipation of which the warrants were issued. The authorizing resolution must pledge a sufficient amount of the proceeds of the tax levy or levies to the payment of the warrants and the interest.

(i) All actions of the board of directors under this section may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by a majority of the members of the board of directors.

(j) An action to contest the validity of any tax anticipation warrants may not be brought later than ten (10) days after the sale date.

SECTION 160. IC 36-9-13-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. The annual operating budget of a building authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 161. IC 36-12-14-2, AS ADDED BY P.L.199-2005, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** under IC 6-1.1-29-4:

- (1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.
- (2) If the library district:
 - (A) is not described by subdivision (1); and
 - (B) is located entirely within the boundaries of a township;

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the fiscal body of the township.

(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.

SECTION 162. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2008]: IC 6-1.1-21-1; IC 6-1.1-21-2.5; IC 6-1.1-21-3; IC 6-1.1-21-4; IC 6-1.1-21-5; IC 6-1.1-21-5.5; IC 6-1.1-21-7; IC 6-1.1-21-8; IC 6-1.1-21-9; IC 6-1.1-21-10; IC 6-1.1-21-11.

SECTION 163. [EFFECTIVE JULY 1, 2007] **IC 6-1.1-29.5, as added by this act, does not apply to any of the following:**

(1) The issuance of bonds or other obligations or the entering into a lease, if the preliminary determination to issue the bonds or other obligations or to enter into the lease is made before January 1, 2009.

(2) The construction of a capital project, if the construction begins before January 1, 2009.

(3) The entering into a contract for the construction of a capital project, if the contract is entered into before January 1, 2009.

(4) The procuring of supplies necessary for construction of a capital project, if the supplies are procured or a contract for the procuring of the supplies is entered into before January 1, 2009.

SECTION 164. [EFFECTIVE JULY 1, 2007] (a) Any matter pending before a county board of tax adjustment on December 31, 2008, is transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(b) Any property and obligations of a county board of tax adjustment on December 31, 2008, are transferred to the county board of tax and capital projects review for that county on January 1, 2009.

(c) Each county board of tax adjustment is abolished on December 31, 2008. The term of a member serving on a county board of tax adjustment on December 31, 2008, expires December 31, 2008.

(d) This SECTION 4 expires January 1, 2009.

SECTION 165. [EFFECTIVE UPON PASSAGE] (a) The property tax replacement fund established by IC 6-1.1-21-1 is abolished on December 31, 2007.

(b) The balance in the property tax replacement fund at the close of business on December 31, 2007, shall be transferred to the

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1 state general fund.

2 (c) After December 31, 2007, a reference to the property tax
3 replacement fund in a statute, rule, or other document is
4 considered a reference to the state general fund.

5 (d) Any amounts due and payable from the property tax
6 replacement fund (including any settlement amounts to be paid to
7 counties under IC 6-1.1-21-9) on December 31, 2007, shall, after
8 December 31, 2007, be due and payable from the state general
9 fund.

10 (e) Any amounts payable to the property tax replacement fund
11 (including any settlement amounts to be paid by counties under
12 IC 6-1.1-21-9) on December 31, 2007, shall, after December 31,
13 2007, be payable to the state general fund.

14 (f) Any appropriations from the property tax replacement fund
15 on December 31, 2007, shall, after December 31, 2007, be
16 considered appropriations from the state general fund.

17 (g) Notwithstanding any other provision, property tax
18 replacement credits may not be paid from the property tax
19 replacement fund for property taxes first due and payable after
20 December 31, 2007.

21 (h) Notwithstanding any other provision, homestead credits for
22 property taxes first due and payable after December 31, 2007, shall
23 be paid from the state general fund in the same manner as
24 homestead credits were payable from the property tax replacement
25 fund before the property tax replacement fund was abolished.

26 SECTION 166. [EFFECTIVE UPON PASSAGE] (a) The property
27 tax replacement fund board established by IC 6-1.1-21-10 is
28 abolished on December 31, 2007.

29 (b) After December 31, 2007, a reference to the property tax
30 replacement fund board in a statute, rule, or other document is
31 considered a reference to the budget agency.

32 SECTION 167. [EFFECTIVE UPON PASSAGE] (a) The
33 legislative services agency shall prepare legislation for introduction
34 in the 2008 regular session of the general assembly to organize and
35 correct statutes affected by this act, if necessary.

36 (b) This SECTION expires January 1, 2009.

37 SECTION 168. [EFFECTIVE UPON PASSAGE] An ordinance
38 adopted before April 1, 2007, under IC 6-3.5-1.1, IC 6-3.5-6, and
39 IC 6-3.5-7, all as in effect before amendment by this act, takes
40 effect October 1, 2007, and not July 1, 2007.

41 SECTION 169. [EFFECTIVE UPON PASSAGE] (a) As used in
42 this SECTION, "committee" refers to the annexation study

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committee established by this SECTION.

(b) The annexation study committee is established. The committee shall study:

(1) revising the statutes concerning municipal annexation of territory. The committee's study may not include the annexation statutes in IC 36-3-2; and

(2) whether "one and fifteen hundredths (1.15)" in STEP THREE of IC 6-1.1-18.5-3(a) and STEP THREE of IC 6-1.1-18.5-3(b) is sufficient to raise adequate property taxes for a municipality annexing territory.

(c) The committee consists of sixteen (16) members appointed as follows:

(1) Two (2) members of the house of representatives appointed by the speaker of the house of representatives.

(2) Two (2) members of the house of representatives appointed by the minority leader of the house of representatives.

(3) Two (2) members of the senate appointed by the president pro tempore of the senate.

(4) Two (2) members of the senate appointed by the minority leader of the senate.

(5) One (1) member who is a member of the city council of a second class city appointed by the president pro tempore of the senate.

(6) One (1) member who is a member of the city council of a third class city appointed by the speaker of the house of representatives.

(7) One (1) member who is a member of the town council of a town that is not located in Marion County appointed by the president pro tempore of the senate.

(8) One (1) member who is a member of a county council of a county other than Marion County appointed by the speaker of the house of representatives.

(9) Two (2) members representing township government from a county other than Marion County. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(10) Two (2) members of the public that have experience in preparing an annexation remonstrance. The speaker of the house of representatives and the president pro tempore of the senate shall each appoint one (1) member.

(d) Not more than one (1) member appointed under subsection

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(c)(9) and one (1) member appointed under subsection (c)(10) may be from the same political party.

(e) The legislative services agency shall staff the committee.

(f) The committee shall operate under the rules and procedures of the legislative council for study committees.

(g) Each member of the committee who is not a member of the general assembly is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(h) Each member of the committee who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(i) The affirmative votes of a majority of the legislator members of the committee are required for the committee to take action on any recommendation.

(j) The chairman of the legislative council shall appoint a member of the committee to serve as chairperson.

(k) The committee shall prepare and submit a written report of the committee's findings in an electronic format under IC 5-14-6 to the legislative council not later than November 1, 2007.

(l) This SECTION expires November 2, 2007.

SECTION 170. [EFFECTIVE UPON PASSAGE] Notwithstanding the provisions in IC 6-3.5-6, as amended by this act, specifying that an ordinance establishing or increasing the rate of a county option income tax in 2007 must be adopted before April 1, 2007, an ordinance adopted in 2007 to establish an additional rate under IC 6-3.5-6-33, as added by this act, may be adopted before June 1, 2007. An ordinance authorized under this SECTION must be adopted in the same manner as an ordinance under IC 6-3.5-6, as amended by this act. An ordinance adopted under this SECTION is effective on the later of the following:

(1) July 1, 2007.

(2) Fifteen (15) regular business days after the department of state revenue receives a certified copy of the ordinance from

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1 **the county auditor.**
2 SECTION 171. [EFFECTIVE JULY 1, 2008] IC 6-1.1-12-37, as
3 **amended by this act, applies to property taxes first due and**
4 **payable after December 31, 2007.**
5 SECTION 172. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1478, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Delete page 2.

Page 3, delete lines 1 through 7.

Page 3, line 20, after "county" delete ";" and insert "**or the county assessor;**".

Page 3, line 21, after "books" insert "**and records**".

Page 3, between lines 23 and 24, begin a new paragraph and insert:

"(b) The actions of a contractor under subsection (a)(1) or (a)(2) must be limited in scope to the three (3) assessment years ending before January 1 of the calendar year in which the taxpayer receives notice of the contractor's actions. Notice provided under this section must be in writing and must list each year for which returns and other records may be reviewed under subsection (a). For purposes of this subsection, notice is considered to have been received by the taxpayer as of the date of the notice.

(c) IC 6-1.1-9-3 does not apply to a contractor's actions under subsection (a)."

Page 3, line 24, strike "(b)" and insert "**(d)**".

Page 3, line 34, delete ":" and insert "**and in the following order:**".

Page 3, line 35, delete "All" and insert "**First, for all**".

Page 3, between lines 35 and 36, begin a new line block indented and insert:

"(2) Second, for deposit in the county's reassessment fund. The amount deposited in the county's reassessment fund under this subdivision may not exceed twenty percent (20%) of the remaining money collected as a result of a contract entered into under this section."

Page 3, delete lines 36 through 40, begin a new paragraph and insert:

"(2) (e) After the payments required by subdivision (1) subsection (d) have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution."

Page 3, line 41, delete "(c)" and insert "**(f)**".

Page 4, line 3, delete "(d)" and insert "**(g)**".

Page 4, line 6, delete "(e)" and insert "**(h)**".

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Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.
(Reference is to HB 1478 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 19, nays 0.

SENATE MOTION

Madam President: I move that Senator Mrvan be removed as second sponsor of Engrossed House Bill 1478.

MRVAN

SENATE MOTION

Madam President: I move that Senator Hershman be added as a second sponsor and Senator Mrvan be added as third sponsor of Engrossed House Bill 1478.

KENLEY

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1478, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1478 as printed February 16, 2007.)

KENLEY, Chairperson

Committee Vote: Yeas 12, Nays 0.

EH 1478—LS 7331/DI 92+



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